Interim Report
at 30 September 2013

Board of Directors
of 14 November 2013

iren

Contents

KEY FIGURES OF THE IREN GROUP

	First 9 months 2013	First 9 months 2012	% Change
Income Statement figures *(millions of euro)*			
Revenue	2,470	3,148	(21.5)
Gross operating profit	476	417	14.4
Operating profit	259	209	24.0
Profit before tax	199	130	53.2
Profit/(loss) for the period - Group and non-controlling interests	103	75	36.4
Statement of Financial Position figures *(millions of euro)*	*At 30/09/2013*	*At 31/12/2012*	
Net invested capital	4,518	4,509	0.2
Equity	1,998	1,954	2.2
Net financial position	2,520	2,555	(1.4)
Financial/economic indicators	*First 9 months 2013*	*First 9 months 2012*	
GOP/Revenue	19.28%	13.23%	
	At 30/09/2013	*At 31/12/2012*	
Debt/Equity	1.26	1.31	
Technical and trading figures	*First 9 months 2013*	*First 9 months 2012*	
Electrical energy sold (GWh)	9,489	12,899	(26.4)
Heat energy produced (GWh_t)	1,993	1,852	7.7
District heating volume (mln m^3)	77	73	5.2
Gas sold (mln m^3)	2,164	2,376	(8.9)
Water distributed (mln m^3)	129	133	(2.7)
Waste handled (tons)	738,505	694,592	6.3

Iren is a multiutility company listed on the Italian Stock Exchange and was established on 1 July 2010 as a result of the merger of IRIDE and ENÌA. It operates in the sectors of electrical energy (production, distribution and sale), heat (production, carriage and sale), gas (distribution and sale), integrated water services, waste management services (collection and disposal of waste) and services for public administration.

Iren is structured as an industrial holding; Iren's main corporate offices are in Reggio Emilia, with operational branches in Genoa, Parma, Piacenza, and Turin, as well as other companies in charge of individual business lines. The holding company handles strategic, development, coordination and control activities, while the five operating companies ensure the coordination and development of business lines as follows:

- Iren Acqua Gas operates in the integrated water cycle;
- Iren Energia operates in the electrical and heat energy production and technological services sector;
- Iren Mercato manages the sale of electrical energy, gas and district heating;
- Iren Emilia operates in the gas sector, handles waste collection, environmental health and the management of local services;
- Iren Ambiente handles the design and management of waste treatment and disposal plants and operates in the renewable energy sector.

Electrical energy production: Through a considerable number of electrical energy and heat energy plants for district heating production, the overall production capacity is over 7,700 GWh/year, including the portion ensured by Edipower.

Gas distribution: Through its network of over 9,000 km, Iren serves over one million customers.

Electrical energy distribution: With 7,439 km of low, medium and high voltage networks, the Group distributes electrical energy to over 691,000 customers in Turin and Parma.

Integrated water cycle: With over 14,100 km of aqueduct networks, over 8,000 km of sewerage networks and 813 treatment plants, Iren provides services to over 2,400,000 residents.

Waste management cycle: With 123 equipped ecological stations, 2 waste-to-energy plants, 1 landfill, 11 treatment plants and 2 composting plants, the Group serves 116 municipalities for a total of around 1,139,000 residents.

District heating: Through 825 km of dual-pipe underground networks the Iren Group supplies heating for an overall volume of around 76.5 million m^3, equivalent to a population served of over 750,000 individuals.

Sales of gas, electrical energy and heat energy: Each year the Group sells over 3.2 billion m^3 of gas, around 17,053 GWh of electrical energy and 2,980 GWh_t of heat for the district heating networks.

COMPANY OFFICERS

Board of Directors

Chairman	Francesco Profumo
Deputy Chairman	Andrea Viero
CEO	Nicola De Sanctis
Directors	Franco Amato (1)
	Lorenzo Bagnacani
	Roberto Bazzano
	Tommaso Dealessandri
	Anna Ferrero
	Roberto Walter Firpo (2)
	Alessandro Ghibellini (3)
	Fabiola Mascardi (4)
	Ettore Rocchi (5)
	Barbara Zanardi (6)

Board of Statutory Auditors

Chairman	Paolo Peveraro (7)
Standing auditors	Aldo Milanese (7)
	Annamaria Fellegara (7)
Substitute auditors	Alessandro Cotto (7)
	Emilio Gatto (7)

Manager in charge of financial reporting

Massimo Levrino

Independent Auditors

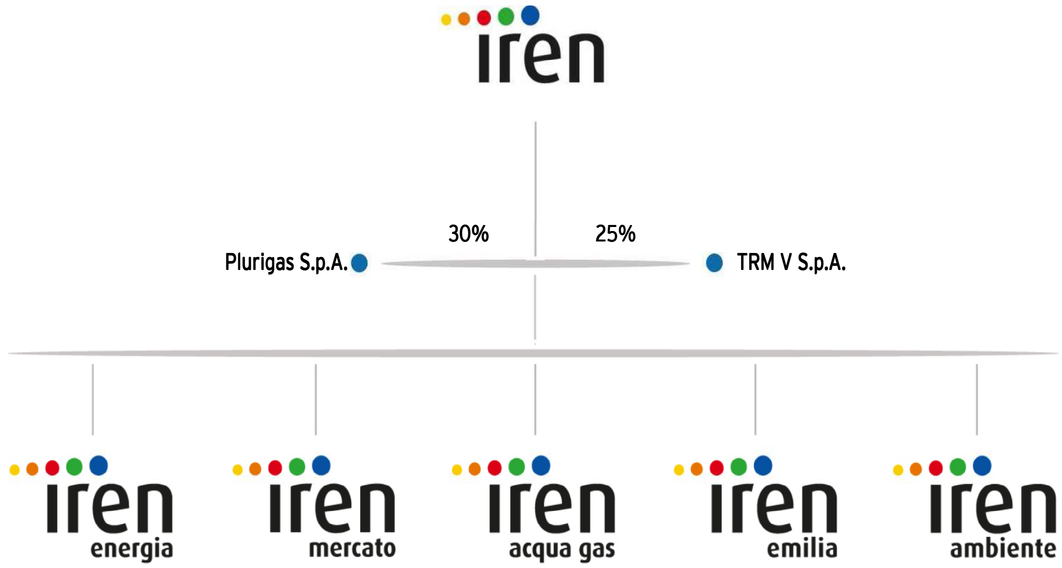
PricewaterhouseCoopers S.p.A. **(8)**

(1) Member of the Control and Risk Committee
(2) Member of the Remuneration Committee
(3) Member of the Control and Risk Committee
(4) Member of the Remuneration Committee
(5) Member of the Remuneration Committee
(6) Member of the Control and Risk Committee
(7) Appointed by the shareholders’ meeting on 14 May 2012 for the 2012-2014 three-year period
(8) Office assigned by the shareholders’ meeting on 14 May 2012 for the 2012-2020 nine-year period

MISSION AND VALUES OF THE IREN GROUP

The Iren Group’s mission is to offer its customers and residents service efficiency, effectiveness, economic convenience and high quality, operating with expertise and professionalism with full respect for the environment and safety in the energy, integrated water services, waste management sectors and on behalf of public administrations, contributing to the well-being of its staff and of the community and guaranteeing its shareholders an adequate profitability.

IREN GROUP: CORPORATE STRUCTURE



The shareholders' meeting of 27 March 2013 resolved to place Plurigas S.p.A. in voluntary liquidation.
TRM V has a controlling interest in TRM S.p.A. with an 80% stake.

The flowchart illustrates the main investee companies of Iren Holding.

IREN ENERGIA

Cogenerative production of electrical energy and heat energy

Iren Energia's installed capacity totals approximately 2,700 MW, of which around 1,800 MW is directly generated and around 900 MW through the investees Edipower and Energia Italiana. Specifically, Iren Energia owns 20 electrical energy production plants: 12 hydroelectric plants and 8 thermoelectric cogeneration plants, for a total capacity of approximately 1,800 MW of electrical energy and 2,300 MW of heat energy, of which 900 MW through cogeneration. All primary energy sources used – hydroelectric and cogeneration – are completely eco-compatible. The hydroelectric production plant plays a particularly important role in environmental protection as it uses a renewable and clean resource without the emission of pollutants. Hydroelectric energy reduces the need to turn to other forms of production that have a greater environmental impact. Environmental protection is a corporate priority for Iren Energia, which has always maintained that the development of hydroelectric production systems, in which it invests heavily each year, is one of the main ways to safeguard the local environment. Iren Energia's total heat production capacity is equal to 2,300 MWt, of which 40% is generated by Group-owned cogeneration plants, while the remainder comes from conventional heat generators. Heat production in the first nine months of 2013 was approximately 1,993 GWh_t, with a district heating volume of approximately 77 million m^3.

Electrical energy distribution

Through its subsidiary AEM Torino Distribuzione, Iren Energia distributes electrical energy to the entire metropolitan areas of Turin and Parma (around 1,094,000 residents). In the first nine months of 2013 the electrical energy distributed was equal to 3,134 GWh, of which 2,432 GWh in Turin and 702 GWh in Parma.

Gas Distribution and District Heating
The district heating and gas distribution activities in the city of Turin are carried out by AES Torino (51% controlled by Iren Energia), which owns one of the largest district heating networks in the whole of Italy (approximately 474 km of dual-piping at 30 September 2013). In the first nine months of 2013, the gas network extended over 1,335 km, serving approximately 500,000 end customers.
Iren Energia also owns the district heating networks of Reggio Emilia, covering around 216 Km, of Parma with roughly 84 Km and Piacenza which covers approximately 19 km.
Lastly, Nichelino Energia - in which Iren Energia and AES Torino hold respective stakes of 67% and 33%, aims at developing district heating in the town of Nichelino.

Services to Local Authorities and Global Service
Iride Servizi provides Turin with street lighting services, traffic light management, heating and electrical systems management of municipal buildings, global technology service management of the Turin Court House and facility management for the Group. The electronic infrastructures and connections in Turin are managed by the subsidiary AemNet.

IREN MERCATO
Through IREN Mercato the Group sells electrical energy, gas and heat, supplies fuel to the Group, trades energy efficiency certificate (or white certificates), green certificate and emission trading, provides customer management services to Group companies and supplies heat services and sales heat through the district heating network.
Iren Mercato operates at national level with a higher concentration of customers served in the North of Italy. The company supplies electrical energy directly, through associates where present in the area, and through agency contracts with intermediary companies for customers associated with certain sector categories and for large customers connected with a number of Industrial Associations.
The main Group power sources available to Iren Mercato operations are the thermoelectric and hydroelectric plants of Iren Energia S.p.A. Through tolling agreements Iren Mercato also has access to electrical energy produced by Edipower plants.
The Group also sells heat management services and global services both to private entities and public authorities. Development has focused on the management of air conditioning systems in buildings for residential and service use by means of energy service agreements, also through subsidiaries and investee companies. This contractual model guarantees long-term customer loyalty, with consequent maintenance of the natural gas supplies which constitute one of the core businesses of Iren Mercato.

Sale of natural gas
Total volumes of natural gas procured in the first nine months of 2013 were approximately 2,164 million m^3 of which approximately 921 million m^3 were sold to customers outside the Group, 103 million m^3 were used in the production of electrical energy under the tolling contracts with Edipower and 946 million m^3 were used within the IREN Group both for the production of electrical and heat energy and for the provision of heating services, whilst 194 million m^3 of gas remained in storage.
At 30 September 2013 gas retail customers directly managed by Iren Mercato totalled around 747,000, spread throughout the traditional Genoa catchment area and surrounding development areas, the Turin catchment area and the traditional Emilia Romagna catchment areas.

Sale of electrical energy
Volumes sold in the first nine months of 2013, net of distribution losses, amounted to 9,488 GWh.
Electrical energy retail customers managed totalled approximately 721,000 at the end of September 2013 (of which around 376,000 on the free market and 345,000 on the protected market), mainly distributed in the traditionally-served catchment areas of Turin and Parma, and in areas covered by company marketing.

A cluster analysis of end customers is provided below.

Free market and power exchange
Total volumes sold to end customers and wholesalers amount to 4,220 GWh, while the volumes used on the power exchange net of energy bought/sold amounted to 3,971 GWh.

In the first nine months of 2013, the availability of electrical energy from internal Iren Group production (Iren Energia) amounted to 5,235 GWh. Edipower tolling volumes amounted to 739 GWh. Use of external sources totalled 621 GWh for purchases on the power exchange net of energy bought/sold (purchases including energy bought/sold amounted to 1,035 GWh) and 1,077 GWh for purchases from wholesalers. The remaining part of sold volumes mainly refers to infra-group transactions and distribution losses.

Former non-eligible market
Total customers managed by Iren Mercato in the higher protection segment were around 345,316 in the first nine months of 2013. The total volumes sold amounted to 652 GWh.

Sale of heat energy through the district heating network
Iren Mercato manages heat sales to customers receiving district heating in the municipalities of Genoa (through the CAE), Turin, Nichelino and in the provinces of Reggio Emilia, Piacenza and Parma.
This entails the supply of heat to customers already on the district heating network, customer relations management and the control and management of substations powering the heating systems of buildings served by the network. The heat sold to customers is supplied by Iren Energia S.p.A. under trading conditions that guarantee adequate remuneration.
In the first nine months of 2013, the total district heating volume totalled 76.9 million m³, marking an increase over the previous year (+3.8 million m³).

Heat service management
As regards energy service management activities performed ATIs (Temporary Business Association) in Local Health Authorities of the Lazio region (San Filippo Neri in Roma, ASL E and ASL F in Rome and ASL in Viterbo), which will be completed in June 2014, the management and supply of gas and electrical energy continued.

LNG regasification plant
Investments in this segment amounted to approximately Euro 30.3 million.
The terminal reached its destination off the coast of Tuscany on 30 July 2013. Commissioning continues, with the third gas carrier expected by mid-November. By the end of November the terminal will complete certification-related tasks ready for the operational start-up of the plant.
Note that the AEEG has issued an initial resolution (no. 272 of 25 June 2013) on the "Tariff regulation and access criteria for regasification in cases of waiver or cancellation of exemption in relation to LNG terminals". OLT Offshore LNG has challenged this AEEG resolution. The Lombardy Regional Administrative Court accepted OLT's appeal and cancelled AEEG Resolution no. 451/2012, pronouncing the measure as unlawful in its suspension of the tariff arrangements that incorporate benefits from the guarantee factor for those already in possession of authorisation and those awaiting for terminal activation after having already made the investment with the guarantee offered by the incentive scheme.
On 12 July 2013 OLT Offshore LNG filed a formal letter of waiver to the Ministry for Economic Development regarding the exemption from the regulated access scheme, which should result in the issue of a ministerial decree confirming the return to regulated access.
The AEEG also issued Resolution no. 438/2013 on tariffs for the regulatory period 2014-2017. This resolution confirms the previous arrangement but updates a number of market parameters (e.g. WACC) and certain mechanisms (from floating to fixed tariffs based on capacity).
In the meantime, the Government has completed its formal consultation procedures on the National Energy Strategy, a new essential point of which will be the development of the gas hub made possible by the gas pipeline transport and regasification plant infrastructure. In March 2013 the Ministry for Economic Development approved the National Energy Strategy by means of a decree.
Authorisation was obtained from the Ministry of the Environment for the ships to unload 155,000 m³, which will increase the terminal's flexibility on the market. The previous limit was 135,000 m³.

IREN ACQUA GAS

Integrated Water Services

Iren Acqua Gas manages the water services in the provinces of Genoa, Parma, Reggio Emilia and Piacenza, both directly and through the operating subsidiaries Mediterranea delle Acque and Idrotigullio and through the investee Am.Ter. In particular, from July 2004 it assumed the role of market operator for the Genoa ATO [Ambito Territoriale Ottimale], and from 1 July 2010 management of the water division for the Reggio Emilia and Parma areas was granted to Iren Acqua Gas as part of the Iride-Enìa merger.

From 1 October 2011, as a result of transfer of the water division from Iren Emilia, Iren Acqua Gas extended its management to the Piacenza ATO.

Through its own organisation, Iren Acqua Gas reaches a total of 177 municipalities serving over 2 million residents through its managed ATOs (Genoa, Reggio Emilia, Parma and Piacenza).

In the first nine months of 2013, both directly and through its subsidiaries Iren Acqua Gas sold approximately 129 million m^3 of water in the areas managed, through a distribution network of over 14,100 km. With regard to waste water, the company manages a sewerage network spanning approximately 8,000 km.

Gas Distribution

Through its subsidiary Genova Reti Gas, Iren Acqua Gas distributes methane gas in the municipality of Genoa and in another 19 surrounding municipalities, for a total of around 350,000 end customers. The distribution network comprises about 1,800 km of network of which about 418 km is medium pressure and the rest low pressure. The area served covers around 571 sq. km and is characterised by an extremely complex chorography with considerable changes in altitude. Natural gas arriving from the domestic transport pipelines transits through 7 interconnected methane reception cabins owned by the company and is introduced into the local distribution network. Thanks to innovative technologies for the laying and maintenance of networks, ordinary maintenance can be performed while reducing time, costs and inconvenience to residents to a minimum.

Through its subsidiary Genova Reti Gas, Iren Acqua Gas distributed 278 million m^3 of gas during the first nine months of 2013.

Special technological services/research

Through its Saster and SasterPipe Divisions, Genova Reti Gas is able to offer network engineering services to the market (IT, modelling, simulation) and upgrading of technological networks with no-dig technologies, of which the company has exclusive know-how. In order to specifically promote and organise scientific and cultural initiatives to safeguard the environment and water resources and to provide optimum network management services, in 2003 the Fondazione AMGA Onlus was also created. The foundation promotes and implements research, training and information projects, and provides support for initiatives implemented by other entities in relation to environmental protection and the organisation of public utility services.

IREN EMILIA

Iren Emilia operates in the gas distribution, waste collection and waste management sectors and coordinates the operations management activities of Emilia Romagna area companies for the integrated water cycle, electricity and district heating networks and other minor businesses (public lighting, public parks management, etc.).

Iren Emilia manages the natural gas distribution for 72 of the 140 municipalities in the provinces of Reggio Emilia, Parma and Piacenza. The company manages almost 5,900 km of high, medium and low pressure distribution networks with a designed maximum withdrawal capacity of 726,879 Smc/h.

Iren Emilia is active in the waste management service sector in the Piacenza, Parma and Reggio Emilia provinces, serving a total 116 municipalities and 1,139,000 inhabitants in these areas. In line with its sensitive approach to environmental protection and sustainable development, Iren Emilia has implemented widespread separate waste collection systems which, also through the management of 123 equipped ecological stations, has allowed the area served to achieve a 60% improvement in results.

In particular, the company performs urban waste collection, street and pavement cleaning, snow clearing, cleaning and maintenance of parks and urban green areas, and dispatches recyclable waste to the correct chains for transformation into raw materials or renewable energy. Through Iren Ambiente, an Iren Group

company, it ensures that waste collection takes place in such a way as to preserve and safeguard the environment and studies aspects of the waste collection problem, increasing its knowledge of technologies that are more innovative and "environmentally safe" than those used at present.
Iren Emilia also carries out operations management of the integrated water cycle (aqueduct, purification and sewerage) in the provinces of Parma, Piacenza and Reggio Emilia. This activity refers to a total network of 12,200 km of aqueduct networks, 6,900 km of sewerage networks, 452 waste water pumping systems and 794 purification plants, both biological treatment plants and Imhoff tanks, distributed across 110 Municipalities.
The operations management of the district heating network is carried out in the cities of Reggio Emilia, Parma and Piacenza and refers to a total network spanning 320 km that serves a total volume of 18,909,600 m^3.
On 20 September 2012, an agreement was signed for the transfer of the "district heating plant management activities" business unit from Iren Ambiente to Iren Emilia, the latter subsequently taking over existing legal and contractual relations. This activity is based on specific contracts with Iren Energia S.p.A., in the district heating sector for the operation, extraordinary maintenance and construction of thermal and cogeneration plants owned by the aforementioned Group company in the three provinces of Emilia Romagna: Parma, Reggio Emilia and Piacenza. Maintenance of Iren Ambiente cogeneration plants located at proprietary landfills also continued.
Operations management of the electrical energy distribution network is carried out in the city of Parma and concerns 2,370 km of network and almost 125,000 delivery points to end customers.

IREN AMBIENTE

Waste Management segment

Whether directly or through investees, Iren Ambiente performs the treatment, disposal, storage, recovery and recycling of urban and special waste, energy recovery (heat and electrical energy) through waste-to-energy (WtE) transformation and the operation of plants for the production of bio gas in the provinces of Parma, Reggio Emilia and Piacenza.
Iren Ambiente manages a significant customer portfolio to which it provides services for the disposal of special waste and it performs the treatment, selection, recovery and final disposal of urban waste collected by Iren Emilia S.p.A.
The non-separated portion of waste collected is disposed of in various ways as part of research into the best use of waste through an industrial process involving mechanical selection to reduce the percentage destined to WtE conversion and disposal in landfills.
Iren Ambiente handles over 1,000,000 tons of waste per year in 12 treatment, selection and storage plants, 2 waste-to-energy plants (Piacenza and Parma), 1 landfill (Poiatica - Reggio Emilia) and 2 composting plants (Reggio Emilia). Provisional start-up of the new Integrated Environmental Hub (IEH), a waste selection and waste-to-energy plant in Parma, took place in September 2013 following the positive outcome of the appeal to the Regional Administrative Court against the suspension of activities at the beginning of July.

Electrical energy production from renewable sources (Iren Ambiente Holding)

Through the investee Iren Rinnovabili and its subsidiaries, Iren Ambiente Holding operates in the electrical energy production from renewable sources sector, in the field of energy efficiency and the development of various projects in partnership with the University of Modena and Reggio Emilia and with research centres.
The electrical energy from renewable sources is produced mainly through the management of photovoltaic and hydroelectric plants (1MW capacity for a total production of 7,000 MWh per year) and from biomass.
Note that the joint venture between Iren Ambiente Holding and the CCPL Group became fully operative from 1 July 2013. From that date Iren Ambiente Holding owns 70% of Iren Rinnovabili which in turn is 100% owner of Greensource, which directly or through subsidiaries includes all the photovoltaic plants, whether CCPL-owned or transferred from Rinnovabili, giving a total capacity of 17MW.

IREN GROUP PERSONNEL

At 30 September 2013, the employees working for the Iren Group totalled 4,559, down by 0.2% compared to the figure at 31 December 2012 which was 4,567 employees. The table below provides a breakdown of personnel at 30 September 2013, divided into Holding and First-level companies (with related subsidiaries).

Company	Personnel at 30.09.2013	Personnel at 31.12.2012
Iren S.p.A.	262	263
Iren Acqua Gas and subsidiaries	980	977
Iren Ambiente and subsidiaries	200	198
Iren Emilia and subsidiaries	1,667	1,672
Iren Energia and subsidiaries	1,002	1,008
Iren Mercato and subsidiaries	448	449
Total	**4,559**	**4,567**

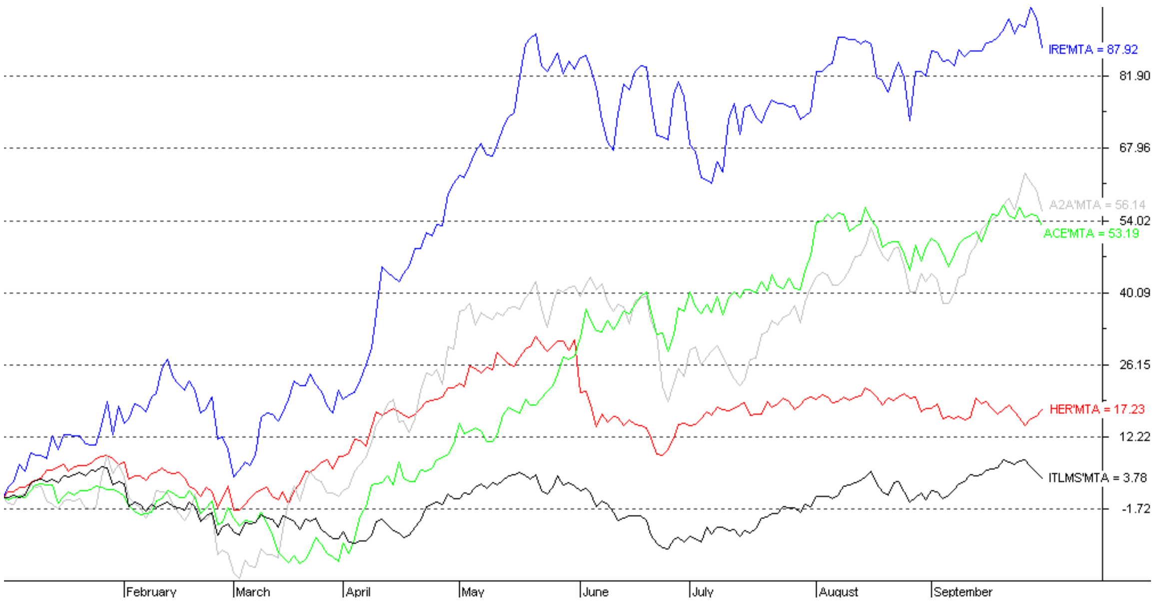
Note that since the Iren Group was established (01/07/2010) the workforce has decreased overall by 314 (-162 as the balance of recruitments/resignations; -152 due to changes in consolidation).

INFORMATION ON THE IREN SHARE IN THE FIRST NINE MONTHS OF 2013

IREN share performance on the Stock Exchange

In the first nine months of 2013 the Italian Stock Exchange recorded a growth in the MTA index by around 3.8%, whilst shares of the major multiutilities increase in a range of between 17% for Hera and 56% for A2A.
In this context the Iren share performance is particularly significant as, in the same period, it increased by approximately 88%.
Various factors had a positive impact on the share performance, the most important being:

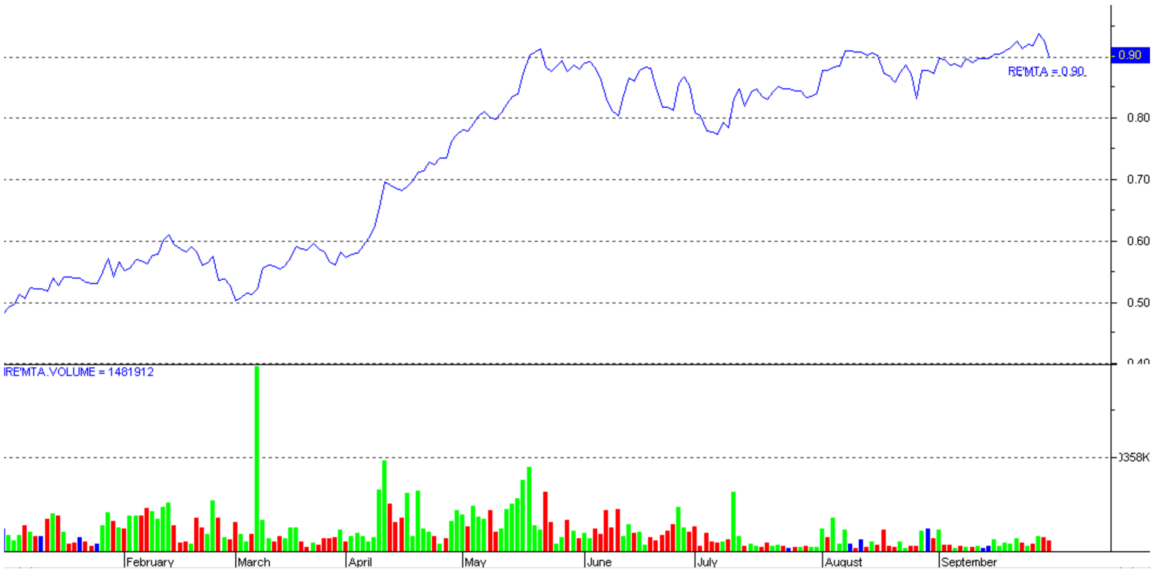
- the effectiveness of extraordinary action targeting payable reduction;
- the good results achieved in the first half of 2013, confirming the defensive profile of the Group's asset portfolio, which recorded positive results despite the persisting difficulties in the economy;
- appreciation for the new Group Governance and the appointment of new top management (Chairman and CEO).



At the end of September 2013 the Iren share recorded Euro 0.90 per share, with average trading volumes since the start of the year of around 2.6 million units per day.
In the same period the average share price was Euro 0.74, peaking at Euro 0.93 on 25 September 2013 and bottoming out at Euro 0.48 at the start of the year.

STOCK EXCHANGE DATA	euro/share in the first 9 months of 2013
Average price	0.74
Highest price	0.93
Lowest price	0.48
Number of shares ('000)	1,276,226

IREN share price and trading value performance



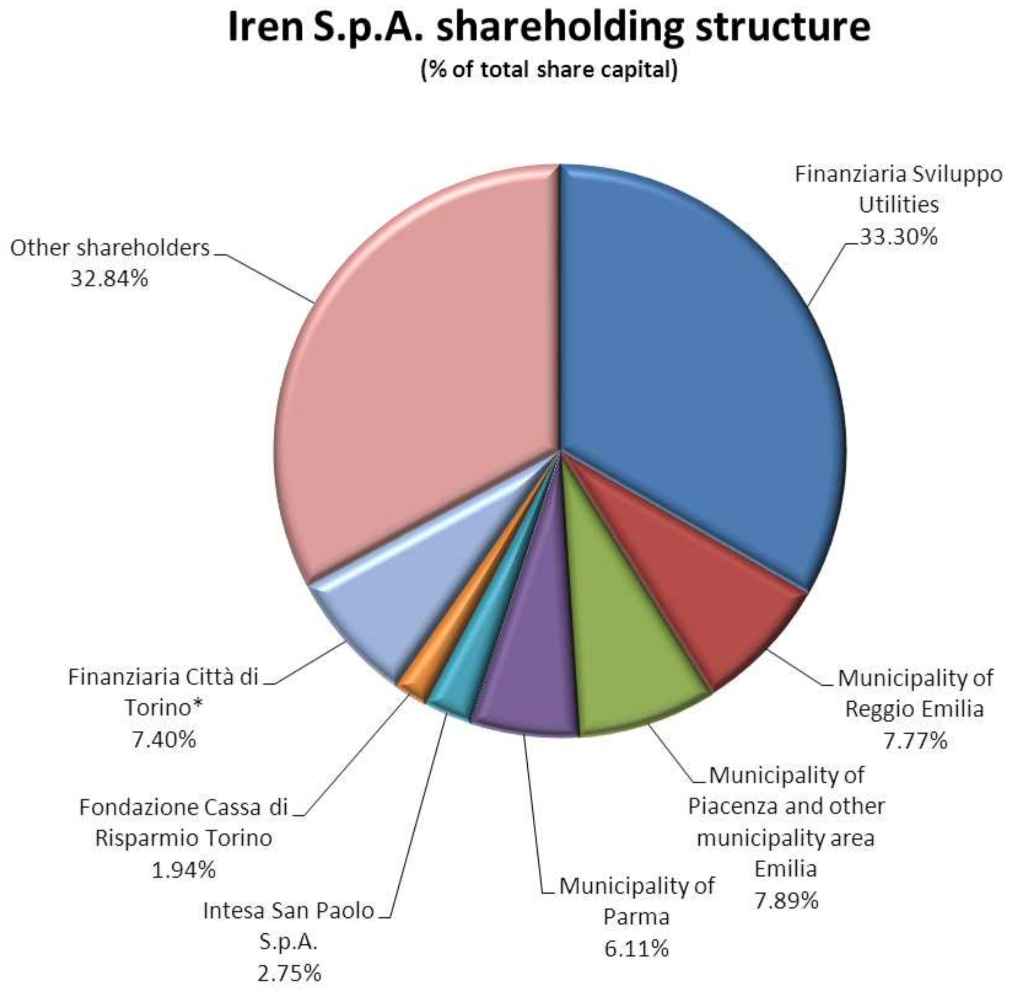
Share coverage

Over the last year there have been numerous changes of strategy among brokers focusing on the Italian multiutilities sector. Bank mergers have taken place and others have decided to abandon coverage of the Italian market.

The IREN Group is currently covered by four brokers: KeplerCheuvreux, Equita, Intermonte and Banca Akros.

Shareholding structure

At 30 September 2013, based on available information, the shareholding structure of IREN was as follows:

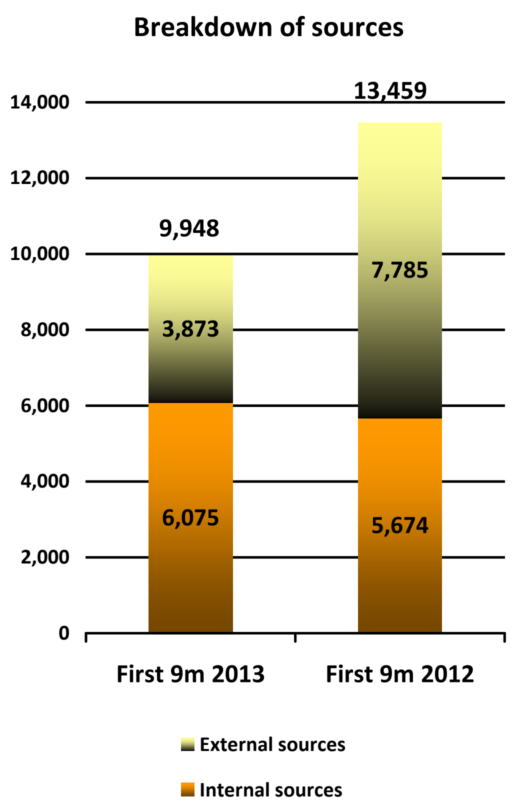


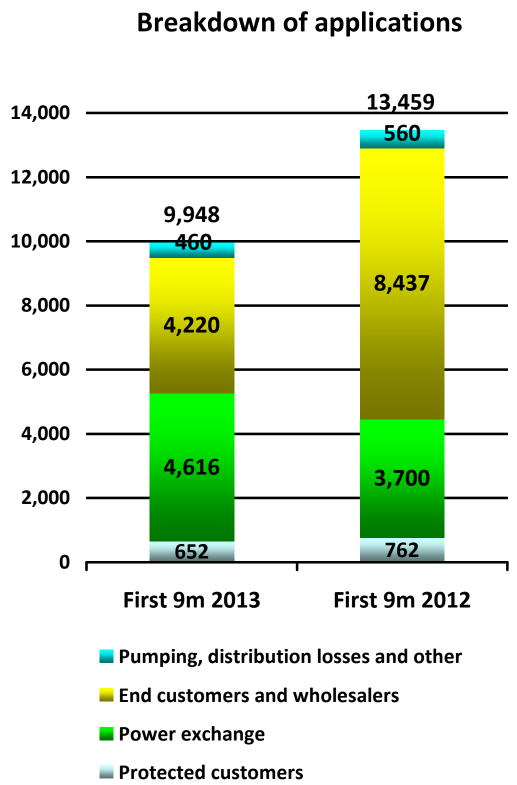
(*) savings shares without voting rights

OPERATING DATA

Electrical energy production

GWh	First 9 months 2013	First 9 months 2012	% Change
SOURCES			
Gross production	6,075	5,674	7.1
a) Thermoelectric	*4,238*	*3,715*	*14.1*
b) Hydroelectric	*1,004*	*824*	*21.8*
c) WTE plant and renewable sources production	*94*	*92*	*2.2*
d) Edipower plant production	*739*	*1,043*	*(29.1)*
e) Tirreno Power plant production	*0*	*0*	*0*
Purchases from Acquirente Unico	684	800	(14.5)
Energy purchased on the Power Exchange	1,585	3,895	(59.3)
Energy purchased from wholesalers	1,604	3,090	(48.1)
Total Sources	**9,948**	**13,459**	**(26.1)**
APPLICATION			
Sales to protected customers	652	762	(14.4)
Sales on the Power Exchange	4,616	3,700	24.8
Sales to eligible end customers and wholesalers	4,220	8,437	(50.0)
Pumping, distribution losses and other	460	560	(17.9)
Total Application	**9,948**	**13,459**	**(26.1)**

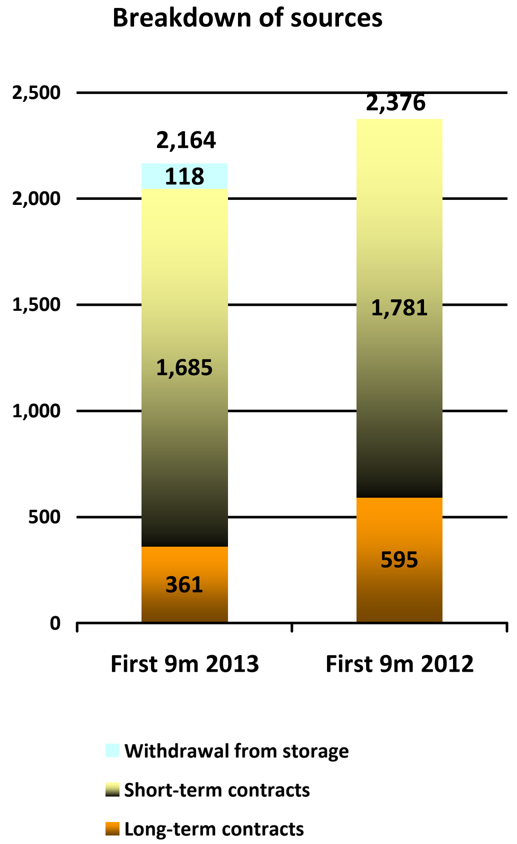


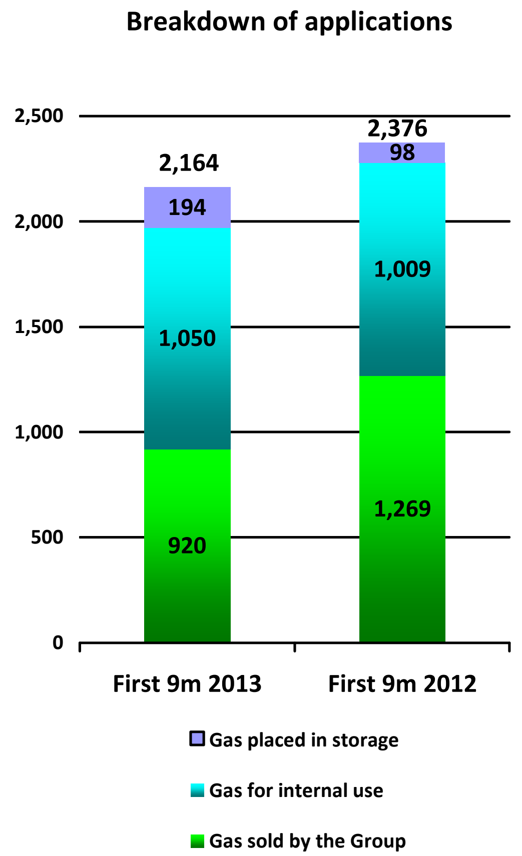


Gas Production

Millions of m³	First 9 months 2013	First 9 months 2012	% Change
SOURCES			
Long-term contracts	361	595	(39.3)
Short-term contracts (annual and spot)	1,685	1,781	(5.4)
Gas in storage	118	-	n.s.
Total Sources	**2,164**	**2,376**	**(8.9)**
APPLICATION			
Gas sold by the Group	920	1,269	(27.5)
Gas placed in storage	194	98	98.0
Gas for internal use (1)	1,050	1,009	4.0
Total Application	**2,164**	**2,376**	**(8.9)**

(1) Internal use involved thermoelectric plants, tolling, use in the generation of heat services and internal consumption.





Network services

	First 9 months 2013	First 9 months 2012	% Change
ELECTRICAL ENERGY DISTRIBUTION			
Electrical energy distributed (GWh)	3,134	3,214	(2.5)
No. of electronic meters	694,753	685,034	1.4
GAS DISTRIBUTION			
Gas distributed by AES Torino (mln m^3) (*)	*429*	*377*	*13.7*
Gas distributed by Iren Acqua Gas (mln m^3)	*278*	*271*	*2.7*
Gas distributed by Iren Emilia (mln m^3)	*662*	*638*	*3.7*
Total Gas distributed	1,369	1,286	6.4
DISTRICT HEATING			
District heating volume (mln m^3)	77	73	5.2
District heating network (Km)	828	806	2.7
INTEGRATED WATER SERVICE			
Water volume (mln m^3)	129	133	(2.7)

(*) AES Torino 51%

MARKET CONTEXT

The domestic energy context

In the period January-September 2013 the net electricity production in Italy was 210,692 GWh, down (-4.3%) compared to the same period in 2012. The demand for electrical energy, equal to 239,047 GWh (-3.7%), was 88.9% met by domestic production (-0.6%), with the remaining 11.1% coming from the foreign balance. At domestic level, thermoelectric production was 135,816 GWh, down 15% on 2012 and covering 64.5% of production supply. Production from hydroelectric sources was 40,695 GWh (+29.0% compared to 2012) covering 19.3%, whilst geothermal, wind and photovoltaic energy production amounted to 34,181 GWh (+18.6%) and covered 16.2% of supply.

Demand and supply of accumulated electrical energy

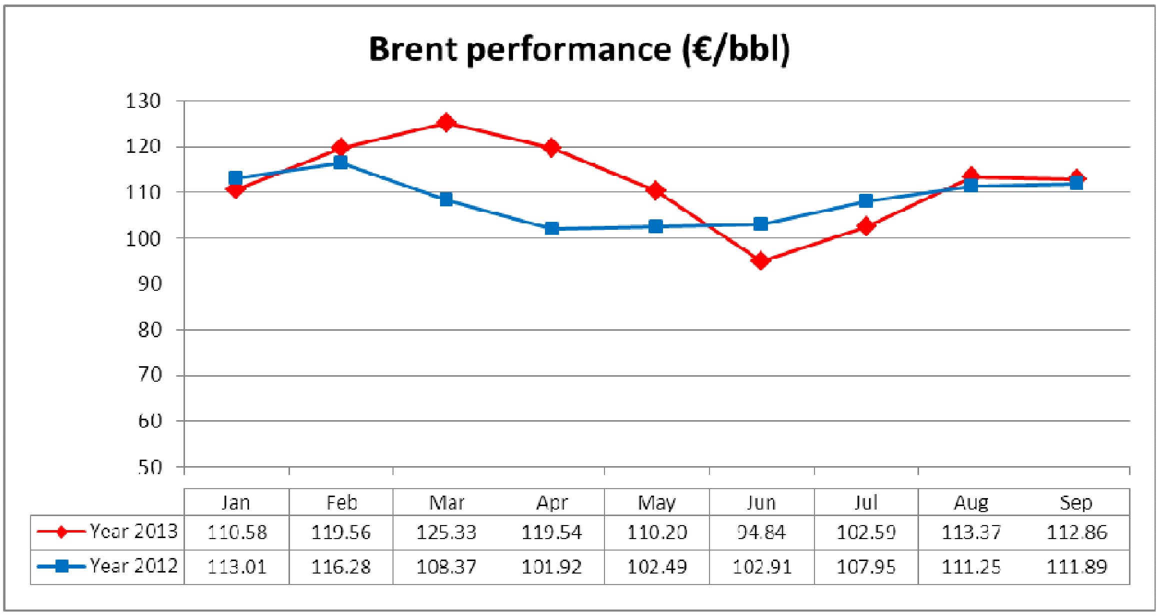
(GWh and changes in trends)

	up to 30 September 2013	up to 30 September 2012	% change
Demand	**239,047**	**248,246**	**(3.7)**
- Northern Italy	109,288	112,468	(2.8)
- Central Italy	70,656	73,278	(3.6)
- Southern Italy	36,028	37,202	(3.2)
- Islands	23,075	25,298	(8.8)
Net production	**210,692**	**220,108**	**(4.3)**
- Hydroelectric	40,695	31,548	29.0
- Thermoelectric	135,816	159,750	(15.0)
- Geo-thermoelectric	3,962	3,937	(0.6)
- Wind and photovoltaic	30,219	24,873	21.5
Foreign balance	**30,099**	**30,222**	**(0.4)**

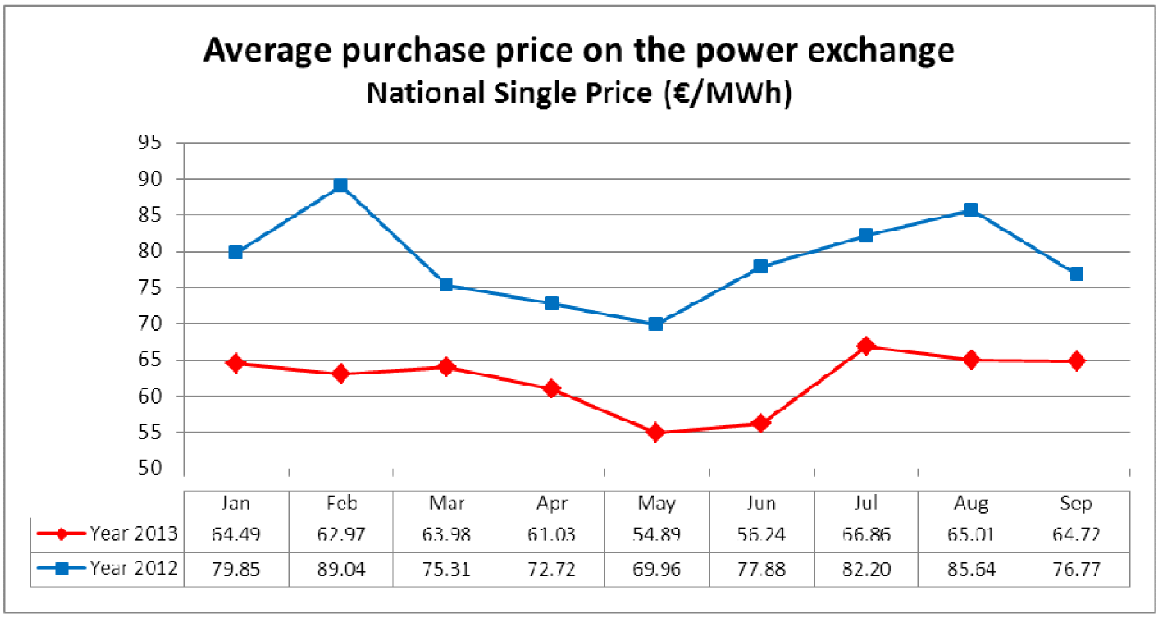
Source: RIE on TERNA data

The first nine months of 2013 showed an overall drop in electricity demand from the same period of the previous year (-3.7%), corresponding to around -9.2 TWh. Percentage decreases were seen in all areas of the country except Lombardy (+0.9%). The highest decreases were recorded in the Sardinia (-20.0%) followed by the north-west of Italy (-8.6%).

During the first nine months of 2013 the average price of crude oil was Dollars/bbl 111.9, essentially in line with the same period of 2012 (-0.2%). The average USD/EUR exchange rate was 1.317, up on the average recorded in the same period of 2012 (1.286). As a result of these changes, the average crude oil price in Euro was € 82.3 per barrel in 2013, -5.8% lower than the average price for 2012.
In the third quarter of 2013 the Brent Dated prices in USD saw a strong upward trend compared to the second quarter, returning to an average of Dollars/bbl 110 which was close to the current annual peaks recorded in January and February and overturning the averages in the third quarter of 2012. The strongest daily fluctuations were seen in September, a month in which both the peak price (USD 117.1 per barrel) and the lowest price (USD 107.8 per barrel) were recorded.
The uptrend seen in the last three months appears to be linked to the return of the fear premium - associated with geopolitical risk in certain key areas for the production and trading of hydrocarbons - and to the numerous shortcomings in supply terms, especially in the Middle East and North Africa. In any event, the threshold of Dollars/bbl 100 that the Brent has struggled to abandon except for very short periods of time, seems to be confirmed.

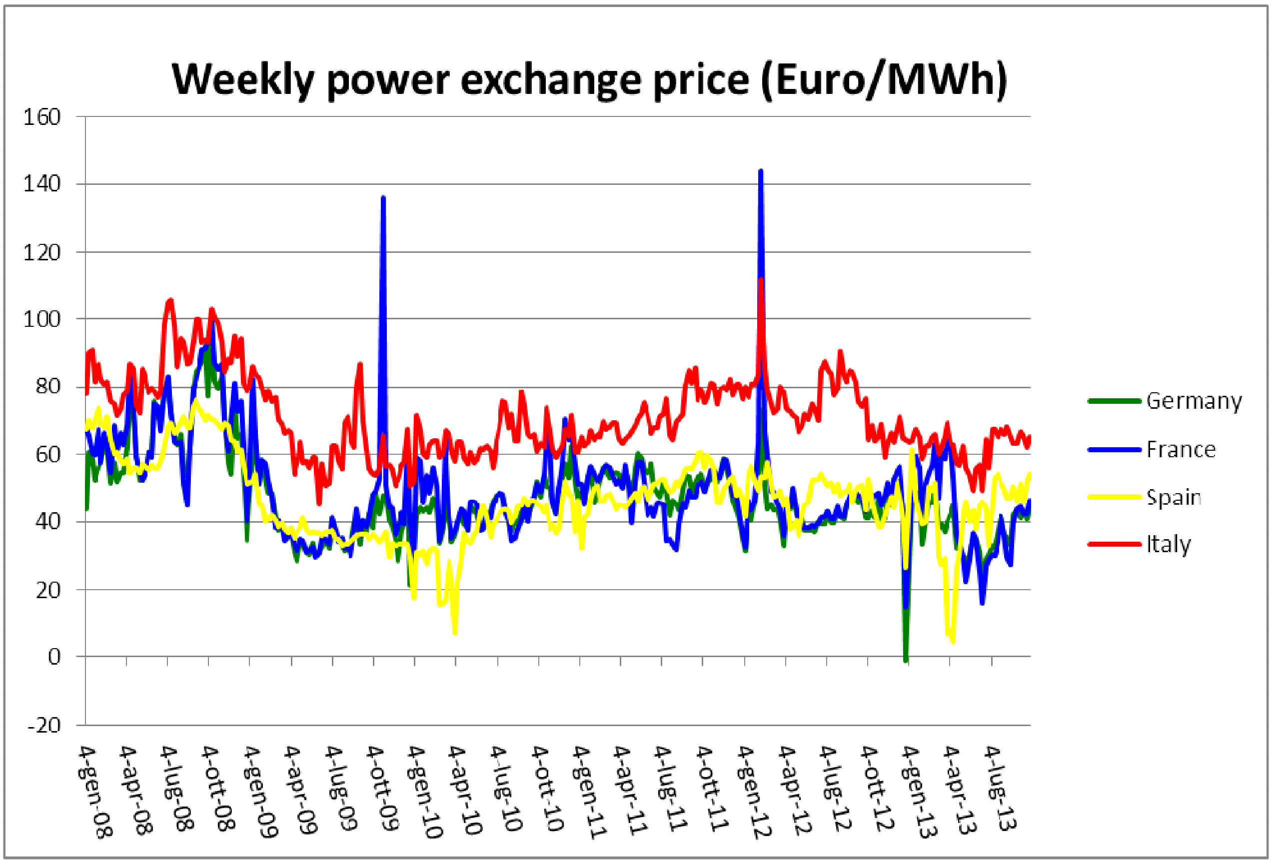


In the third quarter of 2013 the power exchange recorded a marked drop (-19.6%) in the average price (65.5 €/MWh) compared to the same period in 2012. Year on year, the decrease in the national single price was -21%. On the other hand, the cyclical value rose by 14.2% compared to the previous quarter. This followed a trend for electricity demand that declined by -3.8%[1] (-3.3 TWh) compared to the third quarter of 2012, versus an increase of +8.2% on the previous quarter.
As regards regional prices, southern Italy was the area recording the lowest prices both for the quarter and year on year, whilst the peak price was seen in Sardinia, with 56.2 €/MWh and 92.3 €/MWh respectively. Over the year Sardinia saw its price realigned to the national average, quoting 60.7 €/MWh and falling from +12.3% against the national single price in 2012 to its current -2.5%.



In the third quarter the main European power exchanges recorded an average price of 42.03 €/MWh with a spread against the average national single price of around 24 €/MWh.

[1] Provisional Terna figures.



With regard to the futures market, the following table shows values and comparisons between average monthly future prices on the IDEX. In the three months July to August, slight decreases were seen in the quarterly prices with the nearest maturity date, whilst the figure rose slightly for the quarterlies from March to September 2014. Annual future prices (December 2014), which stood at 67.0 €/MWh in January 2013, dropped to 61.9 €/MWh in September (-5.1 €/MWh).

July 2013 futures			**August 2013 futures**			**September 2013 futures**		
Monthly		**€/MWh**	**Monthly**		**€/MWh**	**Monthly**		**€/MWh**
	Aug-12	66.6		Sep-12	65.3		Oct-12	63.3
	Sep-13	66.1		Oct-13	63.9		Nov-13	65.1
	Oct-13	64.1		Nov-13	64.9		Dec-13	65.0
Quarterly		**€/MWh**	**Quarterly**		**€/MWh**	**Quarterly**		**€/MWh**
	Dec-13	65.0		Dec-13	64.6		Dec-13	64.5
	Mar-13	63.8		Mar-14	63.6		Mar-14	64.0
	Jun-13	56.8		Jun-14	56.4		Jun-14	57.5
	Sep-14	62.8		Sep-14	63.3		Sep-14	63.6
Yearly		**€/MWh**	**Yearly**		**€/MWh**	**Yearly**		**€/MWh**
	Dec-14	61.3		Dec-14	61.1		Dec-14	61.9

Source: RIE on IDEX data

The Natural Gas Market

The drop in demand for natural gas in Italy continued in the third quarter of 2013 compared to the same period of the previous year, determined by the strong decreases recorded in thermoelectric consumption. During the first nine months of the year the volumes withdrawn from the system were 8.3% lower than in

2012, totalling 4.5 billion m³. The strong drop of 4.1 billion m³ in the use of gas at the power plants (-21.7%) accounts for almost the entire decrease. Demand for electricity fell (-3.7% over the nine months, by 9.2 TWh) as a result of the economic crisis. Hydroelectric production is higher than last year (+29.0% or +9.2 TWh) due to the rainfall that characterised the first part of 2013. The continued growth of wind energy (+23.9%, +2.3 TWh) and photovoltaic energy (+20.1%, +3.1 TWh) heavily penalised the use of gas for electrical energy production. Compared to 2010 the decline in thermoelectric energy is 31.6%.
The consumption of industrial areas connected to the transport network recorded a slight decrease in the first nine months of 1.9% compared to the 2012 figure. Withdrawals from the distribution network were slightly higher (+1.6%) than last year.
A year end forecast suggests consumption of around 70 billion m³, down on the 74.9 billion m³ of 2012.

Application/sources of natural gas in the period January-September 2013 and comparison with previous years

January-September	2013	2012	2011	2010	% change '13/'12	% change '13/'11	% change '13/'10
GAS WITHDRAWN (bln m³)							
Distribution plants	23.4	23.0	22.5	24.0	1.6	4.0	(2.7)
Industrial use	9.7	9.9	10.0	9.7	(1.9)	(2.9)	0.0
Thermoelectric use	15.1	19.2	21.2	22.1	(21.3)	(28.8)	(31.6)
Third party network and system consumption (*)	1.3	1.9	1.8	2.1	(32.1)	(29.3)	(39.9)
Total withdrawn	**49.5**	**54.0**	**55.5**	**57.9**	**(8.3)**	**(10.9)**	**(14.6)**
GAS INPUT (bln m³)							
Domestic production	5.6	6.2	5.9	6.2	(8.8)	(5.4)	(9.0)
Imports	44.7	51.3	53.5	54.2	(12.8)	(16.4)	(17.5)
Storage	(0.9)	(3.5)	(3.9)	(2.4)	(75.4)	(78.2)	(64.2)
Total input	**49.5**	**54.0**	**55.5**	**57.9**	**(8.3)**	**(10.9)**	**(14.6)**

(*) Includes: transport, exports, transport company redeliveries, reservoir/widening changes, losses, consumption and gas not accounted for.
Source: Processing of Snam Rete Gas figures, provisional for January-March 2013

On the input side, in a scenario in which total exports fell by 12.8% compared to 2012, Mazara del Vallo intake volumes (following recent renegotiations with Algeria to lower the contractual minimum commitment) decreased by approximately 43% (-6.7 billion m³), whilst at Tarvisio (Russia) they increased by 28% (+4.9 billion m³). Passo Gries (Norway and Netherlands) recorded -39% and Gela (Libya) -1%. The regasified intake volumes in Panigaglia were minimal (50 thousand m³; -95%), and those at the Rovigo terminal declined by 12%. Input from national production fell by 8.8%.
As regards storage, the end of September forecasts from the two operators, Stogit and Edison Stoccaggio, indicate user stocks at 31 October (formal end of the input period) of around 9.8 billion m³, lower than the allocated space of 10.5 billion m³ and lower than last year's stocks of 10.9 billion m³ (the overall technical capacity available for the system, net of the strategic level, is around 11.8 billion m³).

International gas prices continue to record strong differences between macro areas due to differences between the local market conditions and in the balance between supply and demand, different pricing systems and transport costs. Expressed in dollars/MBTU, whilst European prices are between 10.6 (spot) and 11.8 dollars/MBTU (long term), the USA wholesale prices, though up slightly on 2012, in 2013 remain steady at 3.7 dollars/MBTU, so approximately 1/3 of the European prices. Asian prices (LNG spot) are instead an average 35-50% higher than European prices (16 dollars/MBTU).
During the third quarter of 2013 there were no significant changes in the European gas market fundamentals, whereas weak demand in the thermoelectric and industrial sectors and abundant supply persist. In this context a "hybrid" gas pricing model seems to be confirmed, whereby two pricing systems (long-term oil-linked and spot) coexist with difficulty and affect each other. This is a situation which is presumably in a transition phase, in which the end and the balance point are extremely uncertain as regards the procedures and timing.

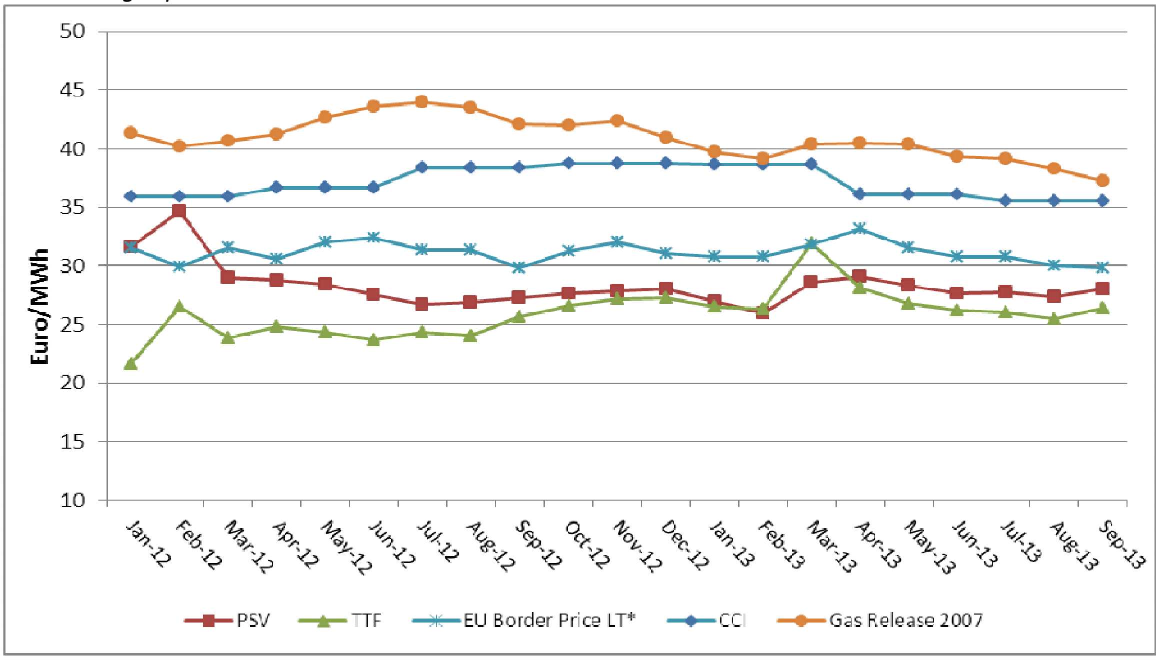
During the first nine months of the year, short-term prices on the main markets - apart from a surge in March due to the exceptionally cold weather that affected Northern Europe, combined with a number of economic problems in the UK supply system - remained around 13% lower on average than the border imports prices, a difference narrower than the 22% recorded in the same period of 2012. In absolute terms, in fact, whilst long-term contract prices remained more or less constant compared to last year, the prices for the main northern European hubs recorded an average increase of 11.5% to stand at an approximate 27.2 €/MWh compared to the 24.3 €/MWh of 2012.

Over the reporting period the Italian Virtual Exchange Point (VEP) saw an average value of 27.8 €/MWh against the 29.0 €/MWh of 2012, so recording a decrease (-4.1%) unlike the Central-Northern European hubs. The VEP values at the start of 2012, however, were much higher than those of other markets (up to 9-10 €/MWh), and therefore the 2013 average is the result of a gradual decrease in the gap between the Italian hub and the prices of other markets that began during the previous year. Whilst in the first quarter of 2013 the national hub fell even to average values slightly lower than those of the TTF (-3.9%; -1.1 €/MWh) and in line with Baumgarten figures, in the quarters that followed the average VEP prices rose again to a value higher than the Dutch and Austrian hubs to a range of values that can be correlated with the physiological cost of gas transport between hubs. In particular, in the third quarter the VEP recorded an average price 1.7 €/MWh higher (+6.6%) than the TTF and 0.8 €/MWh higher (+2.7%) than the Austrian hub.

In the first nine months, the Italian balancing market (PB-Gas) recorded an average price of 28.9 €/MWh, very similar to that of the VEP. M-Gas (the Gas Exchange) remains a market used little or not at all, representing zero or purely residual trading. The forward market officially opened on 2 September though no transactions have been recorded as yet.

With regard to Italian wholesale gas prices associated mainly or totally with oil products, reference is made to the CCI (the Wholesale Marketing Component), defined by the AEEG for the protection service, and to the 2007 Gas Release formula. In the first nine months of the year the CCI recorded an average 36.0 €/MWh, down 2.6% on the same period of 2012, mainly due to the increased impact of short-term prices (20% in the second and third quarters of 2013) on the calculation formula that remained in force until 30 September this year. As from 1 October 2013, for the raw material calculation the AEEG established abandonment of the CCI and the traditional reference to long-term oil-linked import contracts, transferring all indexing to the short-term market prices. As regards the 2007 Gas Release, a formula known to be associated only with oil products, the average value recorded in the reporting period was 39.3 €/MWh compared to 42.1 €/MWh in the same period of 2012 (-6.7%).

Wholesale gas price trends



*Provisional price

Source: RIE on Platts, European Gas Daily and World Gas Intelligence data

REGULATORY FRAMEWORK

Information is provided below on the main new regulations issued during the first nine months of 2013 which influence the Group's operating segments. For a more complete analysis reference should be made to the Group's 2012 Consolidated Financial Statements.

Electrical energy

Resolution no. 262/2013/R/efr of 13 June 2013, "Amendments and additions to AEEG Resolution no. 48/04 on provisional remuneration for available production capacity", published on 17 June 2013

With regard to the management of the remuneration mechanism relating to available production capacity, art. 5, Italian Legislative Decree 379/03 envisages that - for a transitional period until the entry into force of the "market-based" remuneration system envisaged in art. 1 of that Legislative Decree - the AEEG defines and updates the amount for the remuneration of available production capacity for the purpose of achieving production capacity adequacy of the Italian national grid.
By this Resolution, the Regulatory Authority, implementing further additions and amendments to art. 35 of Resolution no. 48/04, also defined the calculation criteria for the remuneration of production capacity ("CAP1") for the period 1 January 2012 to 31 December 2013, for this purpose also indicating the methods for covering the charges deriving from recognition of this amount for 2012 and 2013.

Resolution no. 285/2013/R/EEL of 28 June 2013, "New urgent measures on containing uplift charges"
Further to the notices issued to Terna, which brought to the AEEG's attention the substantial increase in uplift charges attributable both to the "higher cost of non-penalised imbalances" and the increase in costs incurred to remunerate the activation service provided by the Dispatch Services Market production units, by this Resolution the Authority arranged the adoption of measures to limit the uplift charges.

Resolution no. 338/2013/R/efr of 25 July 2013, "Standard contract definition for the disbursement of incentives envisaged in the Interministerial Decree of 28 December 2012, relating to small-scale action to increase energy efficiency and for the production of heat energy from renewable sources"
With regard to the management of incentives envisaged by the Interministerial Decree of 28 December 2012 - for implementation to the extent envisaged in art. 28, paragraph 1, Italian Legislative Decree no. 28 of 3 March 2011 - by this Resolution the AEEG published the standard contract format to be used for the disbursement of incentives recognised by the aforementioned decree for small-scale action taken to increase energy efficiency and for the production of heat energy from renewable sources.

Resolution no. 375/2013/R/eel of 5 September 2013, "Final compliance verification of the regulatory format of the new capacity market following Terna consultation"
By this Resolution the AEEG successfully verified compliance of the Regulatory Format, Technical Report and Annual Reporting Format for the future production capacity market, prepared by Terna, with the criteria and conditions established by the AEEG in Resolution ARG/elt/98/11 of 21 July 2011.
The purpose of the Capacity Payment system reform is required on the one hand to satisfy demand - safely and with appropriate quality levels - expected for electrical energy in reference to the hours and areas characterised by the least supply, and on the other hand to define a suitable, stable regulatory framework to support investments, including multi-year investments, for the development of new production plants.
Lastly, the Regulatory Authority requested that by 20 September 2013 TERNA submits the Technical Report and Annual Reporting Format to the Ministry for Economic Development for final approval, together with the Regulatory Format amended with regard to the above.

Resolution no. 391/2013/R/efr of 19 September 2013, "Provisions for determining primary energy savings objectives by electrical energy and natural gas distributors subject to obligations contained in the Interministerial Decree of 28 December 2012"
With regard to regulating the white certificates mechanism, in accordance with the Ministerial Decree of 28 December 2012 regarding the "determination of national quantitative energy saving objectives" that must be pursued by electrical energy and gas distribution companies for the years 2013-2016, and for the

reinforcement of the white certificates mechanism", the AEEG began collecting data in order to perform the distribution among the obliged entities of the national annual objectives concerned.
Given the above, by issue of this Resolution the Regulatory Authority implemented the provisions of art. 4, paragraphs 6 and 7 of the aforementioned Ministerial Decree of 28 December 2012, by methods also similar to those used in the past as these specific provisions are essentially the same as those already contained in the Ministerial Decrees of 20 July 2004 and 21 December 2007.
In particular, with reference to the notification of necessary data by individual distributors under obligation to allow the AEEG to distribute the 2013 objective, the Authority established 31 October 2013 as the final deadline by which every operator has to submit the required data, also in order to be able to achieve gradual optimisation of the requests for information issued each year by the AEEG to electrical energy and gas distributors, with subsequent reduction in the formalities required of such operators.

Consultation paper no. 368/2013/R/GAS of 7 August 2013, "Electrical energy market, reform of regulations for actual imbalances - Initial guidelines"
In order to minimise the existing misalignment between the valuation of imbalances (as determined on the basis of regulations currently in force) and that of the electrical energy bought and sold by Terna in real time, the solutions proposed by the AEEG alternatively envisage:
• calculation of imbalance prices based on the hub marginal prices calculated by the TSO (Transport System Operator): for each reference period Terna calculates the hub marginal prices on the balancing market based only on the supply curves for "other services", excluding supply relating to the secondary reserve service;
• calculation of imbalance prices based on dynamic areas, replacing the static macro areas currently used to determine the mathematical sign for aggregate area imbalance and related prices. As regards the effects, in each reference period, a dynamic balancing area would be a determining factor, taking into account the actual flows of energy between adjoining areas or, if the flow of energy between two market areas fails to saturate the transit limit existing between them, these areas could become a single balancing area. Vice versa there would be two separate balancing areas. After defining the dynamic balancing areas, Terna calculates the imbalance prices excluding all movements of energy performed regardless of the area imbalance.

Gas

AEEG Resolution no. 406/2013/R/Gas of 26 September ("*Update for the quarter 1 October-31 December of the economic conditions of the supply of gas for the protection service*") involved the first-time application of the provisions of Resolution no. 196/2013/R/Gas reforming the calculation method for raw materials in reference to the spot market prices.

AEEG Resolution no. 438/2013/R/Gas of 8 October ("*Criteria regulating liquid natural gas regasification tariffs for the period 2014-2017*") establishes the principles and formulas for the calculation of regasification plant tariffs for the fourth regulatory period. The resolution confirms the provisions on the revenue coverage factor in cases of waiver and cancellation of exemption from the right of third party access envisaged by Resolution 272/2013/R/Gas, including these with certain amendments into the integrated text for the new regulatory period. In particular, the right of application of the revenue coverage factor is recognised to:

- terminals that acquired the right to the guarantee factor in the third regulatory period, in compliance with regulations in force during that tariff period, equal to a maximum 64% of terminal capacity revenue;
- new terminals included among the strategic infrastructures (pursuant to art. 3, Italian Legislative Decree 93/11) for a percentage coverage determined on a case-by-case basis, according to criteria to be adopted in a later resolution, that take into account the degree of risk of the initiative and its contribution to competitiveness of the gas market, and consistent with developments in incentive mechanisms of the new investments.

It is confirmed that in cases of waiver or cancellation of the exemption, the coverage factor is calculated by excluding tariff incentives recognised to the new investments from the reference revenue.

Again on the issue of regasification plants, **consultation paper no. 347/2013/R/Gas** of 5 September illustrated the AEEG guidelines on the conditions for connection and access to the national gas pipelines network in the event of waiver or cancellation of the exemption for LNG terminals.

AEEG Resolution no. 447/2013/R/Gas of 10 October ("*Mechanism to promote the renegotiation of multi-year natural gas procurement contracts*"), associated with reform of the costs of raw gas for the protected market, envisages that retail sales companies serving the protected market, whether vertically integrated and holders of ToP contracts or members of the same group of companies that buys gas through ToP contracts or associated by an investment relationship with operators with ToP contracts and bound to these by a multi-year procurement restriction, can adopt the mechanism which, subject to the provision of certain guarantees, recognises a portion of the difference to companies, if positive, between the import price at the value established by AEEG (Ptop) and spot prices (CMEM). The levy is covered by a component applied to the end user price.

The **Ministry of Economic Development Decree of 9 August 2013** formally launched the physical forward market for natural gas with effect from 2 September, through which operators can conclude transactions on a forward basis according to types of contracts with a pre-established delivery period as envisaged in regulations for the gas market operated by the GME (electrical energy market operator), hedging themselves against price fluctuations.

Italian Law no. 98 of 9 August 2013 converted Decree Law no. 69 of 21 June 2013 (the "*Decreto Fare*", or "action decree") which restricted the scope of protected gas market services to Italian customers only.

Major hydroelectric shunt concessions

In September 2013 the European Commission launched reconnaissance inquiry, ,regarding various member states, on the conditions for allocation, extension or renewal of hydroelectric shunt concessions, and also sent a formal notice of default to the Italian Government alleging action contrary to the principles and regulations of European law (free right of establishment; art. 12 of the Bolkestein Directive 2006/123/EC) by the recent introduction to Italian law of certain provisions (through Law 134/2012, converted from the "Development Decree 83/2012"), in addition to certain legal regulations of the independent provinces of Trento and Bolzano.

SIGNIFICANT EVENTS OF THE PERIOD

Presentation of update to the 2015 Business Plan

The Iren Group presented the financial community with the update to the 2015 Business Plan on 6 February 2013. The Plan makes provision for the achievement of an EBITDA in 2015 of around Euro 670 million, with average annual growth of 3.2%, a net financial position down around Euro 700 million on 2011, and end-of-plan figures lower than Euro 2 billion.

Accumulated investments for the 2013 - 2015 stand at roughly Euro 800 million.

Loan of Euro 100 million from Cassa Depositi e Prestiti

On 25 February 2013, IREN S.p.A. took out a loan from Cassa Depositi e Prestiti S.p.A. (CDP) for Euro 100 million, with a term of 15 years. The aim of the transaction is to support implementation of the 2013-2015 Business Plan, especially as regards investments in the Energy infrastructures segment, where expansion and modernisation works are planned on the gas and electrical energy distribution networks managed in the areas of operation. IREN Group investments in energy networks were assessed to be consistent with the institutional mission of the CDP, which envisages the use of funds for infrastructural investments in support of growth of the country.

Approval of governance reform amendments to the Articles of Association

The extraordinary shareholders' meeting of 19 June 2013 approved amendments to Articles 6, 15, 16, 21, 22, 23, 24, 25, 30, 31, 32 and 41, and the elimination of Articles 26, 27, 28 and 29 of the Articles of Association, with subsequent renumbering from Article 26 onwards and related changes to article references within the text.

Appointment of the new Board of Directors and Chairman

The ordinary shareholders' meeting of 27 June 2013 appointed the new Board of Directors of the company which will remain in office for the years 2013/2014/2015 (expiry: approval of the 2015 financial statements).

The 13 members of the new Board of Directors are: Lorenzo Bagnacani, Roberto Bazzano, Tommaso Dealessandri, Nicola De Sanctis, Anna Ferrero, Alessandro Ghibellini, Fabiola Mascardi, Francesco Profumo, Ettore Rocchi, Andrea Viero and Barbara Zanardi appointed by majority vote from the list filed by Finanziaria Sviluppo Utilities S.r.l. and 73 former Enìa public shareholders , plus Franco Amato and Roberto Walter Firpo, appointed by minority vote from the list filed by Fondazione Cassa di Risparmio di Torino and Equiter S.p.A.

The shareholders' meeting also appointed Francesco Profumo as Chairman.

Proxies and powers granted by the Board of Directors

After appointment by the shareholders, at its meeting on 27 June 2013 the new Board of Directors appointed Andrea Viero as Deputy Chairman and Nicola De Sanctis as CEO, in addition to granting powers and proxies as envisaged in Articles 25 and 26 of the current Articles of Association.

Approval of the non-proportionate spin-off plan for Edipower

Based on agreements reached between Iren and A2A at the time of the acquisition transaction relating to Edipower of 24 May 2012, and following the resolution carried on 16 January 2013 by the Iren S.p.A. Board of Directors to exercise its put option for disposal of the Edipower investment, on 28 June 2013 the extraordinary shareholders' meetings of Iren Energia and Edipower approved the plan for non-proportionate spin-off of Edipower. In June 2013, Iren S.p.A. had transferred its interest in Edipower to Iren Energia.

The transaction involves the assignment to Iren Energia of a series of assets comprising the Turbigo thermoelectric plant (800 MW) and the Tusciano hydroelectric plant (production approx. 250 GWh per year), personnel operating in these plants, plus additional assets and liabilities associated with the plants

totalling around Euro 75 million at 31 December 2012 and a financial liability amounting to Euro 44.8 million.
The spin-off will involve complete exit of the Iren Group from the Edipower ownership structure.
As soon as the legal deadlines have been reached and all necessary formalities have been completed in order to sign the deed of transfer, the spin-off transaction will become effective in the first part of the fourth quarter of 2013 and envisages a balance payment mechanism in relation to the financial position as at the actual date of the spin-off.

Group governance reform

In compliance with the guidelines on the new Group governance outlined by the Shareholders, on 17 September 2013 the Board of Directors defined the membership of the management and supervisory boards of the first-level companies, establishing for each the appointment of three directors, rather than five as envisaged until now, with obvious cost savings and enhancement of the internal skills found within the Group and of company representation in general.

Loan of Euro 100 million from Banca Regionale Europea

On 30 September 2013 IREN S.p.A. took out a loan of Euro 100 million with Banca Regionale Europea (BRE), maturing 30 September 2018 with same time settlement of the original BRE loan for Euro 75 million due to mature in 2014.

PREPARATION CRITERIA

CONTENT AND STRUCTURE

The consolidated interim report at 30 September 2013 was prepared in compliance with art. 154-ter "Financial reporting" of the Consolidated Finance Act ("TUF") introduced by Italian Legislative Decree no. 195/2007 based on which Italian lawmakers implemented Directive 2004/109/EC (known as the Transparency directive) regarding periodic disclosure and based on Consob communication no. DEM/8041082 of 30 April 2008. Said provision replaces those provided for by art. 82 "Quarterly report" and Annex 3D ("Quarterly report drafting criteria") in the Issuers' Regulation.
The accounting standards used to prepare the report are the "International Financial Reporting Standards – IFRS" issued by the International Accounting Standards Board ("IASB") and approved by the European Commission. "IFRS" also includes the International Accounting Standards ("IAS") still in effect, as well as all explanatory documents issued by the International Financial Reporting Interpretations Committee ("IFRC") and the previous Standing Interpretations Committee ("SIC").

ACCOUNTING PRINCIPLES ADOPTED

Accounting principles and evaluation criteria, as well as consolidation principles, adopted when preparing this interim report for the IREN Group are consistent with those used when preparing the IREN Group's Consolidated Financial Statements at 31 December 2012, to which reference is made for a complete description.
Preparing the interim report has required the use of estimates and assumptions that affect the values of revenue, expense, assets and liabilities. The actual outcome of occurring events might differ from these estimates.
Some measurement processes, especially those which are more complex, such as the calculation of impairment losses on non-current assets, are generally carried out fully only when drawing up the annual financial statements, or when all information required is available, except when there are impairment indicators which require immediate measurement of any impairment losses. Similarly, the actuarial valuations required for determining the Provision for employee benefits are carried out when drawing up the annual financial statements.

Lastly, the interim report is not subject to an accounting audit.

CHANGE IN THE SCOPE OF CONSOLIDATION COMPARED TO 31 DECEMBER 2012

The scope of consolidation includes the companies directly or indirectly controlled by the parent, including jointly with other entities.

On 1 July 2013, the JV partner CCPL transferred to Iren Rinnovabili 100% of Greensource (and its 100% subsidiaries) and 11% of Project Financing Management (already 49% owned by Iren Rinnovabili). As a result of these asset transfers the Iren Group's investment in Iren Rinnovabili decreased from 90.19% to 70%. Furthermore, Iren Rinnovabili acquired the residual 40% of Project Financing Management from CCPL to arrive at 100% ownership.
From 1 July 2013, therefore, the following were consolidated by the proportional method at 70%: Iren Rinnovabili and Enia Solaris (previously proportionately consolidated at 90.19%), Project Financing Management (previously carried at equity), Busseto Fotovoltaico, C8 Fotovoltaico, Fidenza Fotovoltaico, Fontanellato Fotovoltaico, Medesano Fotovoltaico, Millenaria Fotovoltaico, Pellegrino Fotovoltaico, Pluris Energy Fotovoltaico, Roccabianca Fotovoltaico, San Secondo Fotovoltaico and Varsi Fotovoltaico.

The following transactions also took place, which did not result in a change of the scope of consolidation:

- 100% merger of the subsidiary Zeus S.p.A. with the parent company Iren Emilia S.p.A.;

- transfer of the fully controlled company AEMNET S.p.A. from Iride Servizi S.p.A. (100% controlled) to Iren Energia S.p.A. (100% controlled);
- establishment of Iren Ambiente Holding S.p.A. through the partial, proportional spin-off of Iren Ambiente S.p.A. The equity investments in Bonifica Autocisterne, Iren Rinnovabili, Aciam, Iniziative Ambientali, Rio Riazzone, Consorzio Leap and Reggio Emilia Innovazione were transferred from Iren Ambiente S.p.A. to Iren Ambiente Holding S.p.A.

RISK MANAGEMENT

The management of business risks is an essential component of the Internal Control System of corporate governance in a listed company, and the Code of Conduct set forth by Borsa Italiana assigns specific responsibilities as regards this aspect. The Enterprise Risk Management model operative within the Group includes the methodological approach to integrated identification, assessment and management of the Group risks.
For each of the following risk types:

- Financial risk (interest rate, currency, spread);
- Credit risk;
- Energy risk, associated with energy and/or financial markets, such as market variables or pricing options;
- Operational risks, associated with asset ownership, involvement in business activities, processes, procedures and information flows.

Specific “policies” have been defined with the primary goal of fulfilling strategic guidelines, organisational-managerial principles, macro processes and techniques necessary for the active management of related risks.
Reputational risks have also been integrated into the Group’s Enterprise Risk Management model, associated with maintaining trust and a positive image of the Group in the eyes of stakeholders.
The Group’s Enterprise Risk Management model also regulates the roles of the various parties involved in the risk management process, which is governed by the Board of Directors, and calls for specific Committees to manage each type of risk.
The “Risk Management” department, reporting to the CEO, was set up within the IREN Group. This department is formally entrusted with the following activities:

- coordinating the integrated management process of the Group's risks;
- signing and managing insurance policies, with the cooperation of the Legal department.

On a quarterly basis, the Risk Management Department also analyses losses in all the Group’s operating areas and defines the containment and reduction methods.
A summary of the Group risk management models is shown hereunder.

1. FINANCIAL RISKS

Iren Group activity is exposed to various types of financial risks, including liquidity risk, currency risk and interest rate risk. As part of its Risk Management activities, the Group uses non-speculative hedging contracts to limit currency risk and interest rate risk.

a) Liquidity risk
Liquidity risk is the risk that financial resources available to the company are insufficient to cover financial and trade commitments in accordance with the agreed terms and deadlines.
The Group Finance Department was centralised in order to optimise the collection and use of financial resources. Specifically, the centralised management of cash flows in IREN, both through cash pooling and centralisation of all collection and payments within the IREN current accounts, make it possible to allocate Group-wide available funds according to the needs arising from time to time within the single companies. Cash movements are recognised in infra-group accounts along with infra-group interest income and expense.
Other investees have an independent financial management structure in compliance with the guidelines provided by the Parent.

Based on the cash pooling model, the accounts of all the companies are zeroed every day by means of a netting system that transfers the balances of currency transactions on the accounts of the Parent.
The financial position, both current and forecast, and the availability of adequate credit facilities are constantly monitored.
IREN has relations with the leading Italian and international banks, for the purpose of searching for the types of loans most suitable to its needs, and the best market conditions.
With regard to the liquidity risk potentially deriving from contractual clauses allowing counterparties to withdraw financing should certain events occur (default and covenant risk), the clauses in IREN loan agreements are fulfilled. In particular, for certain medium/long-term loan agreements Iren is committed to meeting financial covenants (such as Debt/EBITDA, EBITDA/Financial expense ratios) with annual verification. Moreover, other covenants such as the Change of Control clause have been provided for, which sets forth that the IREN Group should be kept under direct and indirect control by Local Authorities, as well as clauses concerning negative pledges, under which the company undertakes not to give collateral beyond a specific limit, and the Pari Passu clause, which reserves an equal treatment to lending banks with respect to the treatment for other unsecured creditors.
The medium-term loan agreements of certain Group companies also envisage the observance of financial covenants (Net Financial Position/EBITDA, Net Financial Position/Equity) which have been satisfied.

b) Currency risk
Except as indicated under the section on energy risk, the IREN Group is not significantly exposed to currency risk.

c) Interest rate risk
The IREN Group is exposed to interest rate fluctuations especially with regard to the measurement of financial expense related to indebtedness. IREN Group's objective is to limit its exposure to interest rate increases while maintaining acceptable borrowing costs.
In a non-speculatively view, the risks associated with the increase in interest rates are monitored and, if necessary, reduced or eliminated by swap and collar contracts with high credit standing financial counterparties, with the sole purpose of cash flow hedges.

2. CREDIT RISK
The credit risk of the Iren Group S.p.A. is mainly related to trade receivables connected to the sale of electrical energy, district heating, gas and the provision of water and waste management services. The receivables show no particular concentration as the exposure is spread across a large number of counterparties, such as retail, business and public entity customers.
In conducting its business activities the Group is exposed to the risk that, as a result of the financial conditions of the payer and the current economic and financial crisis, receivables might not be paid on their due date, resulting in an increase in the seniority of receivables, insolvency risk or an increase in receivables that are unenforceable or subject to bankruptcy proceedings.

In order to control credit risk, whose operating management is entrusted to individual regional functions, strategies have been defined for reducing credit exposure including customer solvency analysis in the acquisition phase through accurate analysis of credit ratings, the assignment of receivables of customers that are active and/or have ceased business to external credit recovery companies and the introduction of new recovery methods for the purpose of legal dispute management.
The trade receivable management policy and creditworthiness assessment tools, as well as monitoring and recovery activities differ in relation to the various categories of customers and consumption levels.

Credit risk is hedged, for certain types of business customers, by appropriate forms of bank or insurance guarantees upon demand issued by first rate credit entities.
An interest-bearing guarantee deposit is paid for some types of services (water, natural gas, “protected customer” electrical energy) in compliance with regulations governing these activities. This deposit is reimbursed if the customer adopts the payment through direct debit on current accounts.
Generally applied payment terms are compliant with regulations in force and are consistent with market standards. In the event of non payment, interest in arrears will be debited to the extent indicated in the supply contracts and as set out by regulations in force.

Accruals to the allowance for impairment of accounts receivable accurately reflect the effective credit risk through quantification of the accrual, involving the analysis of the individual receivable items recorded in the databases, specifically taking into account ageing, as well as comparison with historical losses and determination of the average non-payment rate.

As a result of the persisting economic situation, the Group has also improved credit risk control by strengthening its monitoring and reporting procedures, in order to identify potential counter-measures as quickly as possible.

3. ENERGY RISK

The IREN Group is exposed to price risk, including related currency risk, on the energy commodities traded, being electrical energy, natural gas, coal, etc., as both purchases and sales are impacted by fluctuations in the price of such energy commodities directly or through indexing formulae.
The Group's strategy is to minimise the need to turn to the financial markets for hedges, both by aligning the indexing of the commodities purchased and sold and by exploiting, vertically and horizontally, its various business segments.
For this purpose, the Group carries out planning of its plants production and purchases of electrical energy, with the aim of balancing energy self-production and market supply with the demand of Group customers.

4. OPERATIONAL RISKS

This category includes all the risks not included in the previous categories, which may influence the achievement of operational targets, i.e. relating to the effectiveness and efficiency of business transactions, including the levels of performance, profitability and protection of the resources against losses.
The Enterprise Risk Management model applied at Group level is focused on the integrated and synergic management of risks, and adheres to a process that consists of the following stages:
• identification;
• assessment;
• treatment;
• control;
• reporting.
Each process stage is performed in accordance with standards and references defined at Group level.
The main risks in the above categories are assessed in terms of impact, event probability and level of control. These assessments are subject to periodic review. The indicators that allow the risk to be examined in terms of trends and critical points are also monitored.
The Group’s risk position is updated at least quarterly, indicating the extent and level of control of all risks monitored, including financial, credit and energy risks.
The main reputational risks are managed in addition to operational risks.
The risk position and related indicators are submitted to top management and to the risk owners involved in mitigation and improvement activities.
Risk analysis is used as input in the preparation of planning tools.
The operational risk management process also aims at optimising the Group’s insurance profiles in the key “property” and “liability” areas.

a. Legal and regulatory risks

The legislation and regulatory framework is subject to possible future changes, and therefore is a potential risk. For this purpose, the IREN Group set up internal structures in charge of the continuous monitoring of reference legislation, in order to assess and, as far as possible, mitigate its impact.

b. Strategic risks

The local utilities sector is experiencing a phase of important development and consolidation. Deregulation and liberalisation mean companies have been forced to adopt a more decisive approach to competitive pressure, taking advantage of the opportunities for external and internal corporate growth offered by the new market scenarios.
The strategic development plan of the IREN Group provides for considerable investments, from the development of joint ventures of important regasification plants for the gas supply, to the construction or

upgrading of cogeneration plants to complete the district heating extension plan, as well as the upgrading of the hydroelectric plants, and a consolidated presence in the electrical energy and gas distribution sectors, water and waste treatment sectors.
The above activities entail Group exposure to regulatory, technical, commercial, economic and financial risks (obtaining of licences, application of new technologies, compliance with commercial schedules, analysis of competition, etc.), which the Group has to tackle through specific processes and structures, focused on covering all phases, from assessment, to authorisation and realisation of said projects.
The Risk Management department performs specific quality-quantity assessments on strategic risks, indicating the main risk factors and management plans required.

c. Plant-related risks

As regards the consistency of Group production plants, plant-related risks are managed with the above-mentioned approach in order to correctly allocate resources in terms of control and preventive measures (preventive/predictive maintenance, control and supervisory systems, emergency and continuity plans, etc.).
For the most important plants the Risk Management department has recently completed a number of surveys, from which it has been able to accurately detail the events to which such plants could be exposed and subsequent preventive action.
Insurance instruments, specially created based on the specific needs of each single plant, were also created.

d. IT Risks

The main IT risks are related to the availability of core systems, amongst which IREN Mercato's interface with the Power Exchange.
The Company is, in fact, one of the leading Italian operators on the Power Exchange and any accidental unavailability of the system could have considerable economic consequences, connected with the non-submission of energy sale or purchase offers.
To mitigate such risks, specific measures have been adopted, such as the redundancy of parts of the system and appropriate emergency procedures ("Disaster recovery"), which are periodically subject to simulations, to ensure their effectiveness.

e. Economic risks

The difficult global economic situation in recent years, which has had a heavy impact on Eurozone countries, continues to have serious recessionary effects on Government and company finances.
In particular, the collapse in consumption and industrial production may have a severe impact on companies such as Iren that provide public utility services to the community and to businesses.
The trend in domestic demand for goods and services and credit conditions (cost and quality) constitute the biggest uncertainties regarding a forecast economic recovery.
Through the Enterprise Risk Management system, the Iren Group monitors the changes in the effects on company business units, taking any corrective action where necessary, in particular in the financial and commodity sectors.

FINANCIAL POSITION, RESULT OF OPERATIONS AND CASH FLOWS OF THE IREN GROUP

Presented below are the income statement, statement of financial position and statement of cash flows for the IREN Group on which the comments regarding business performance are based.

Income Statement

IREN GROUP CONSOLIDATED INCOME STATEMENT - FIRST NINE MONTHS OF 2013

thousands of euro

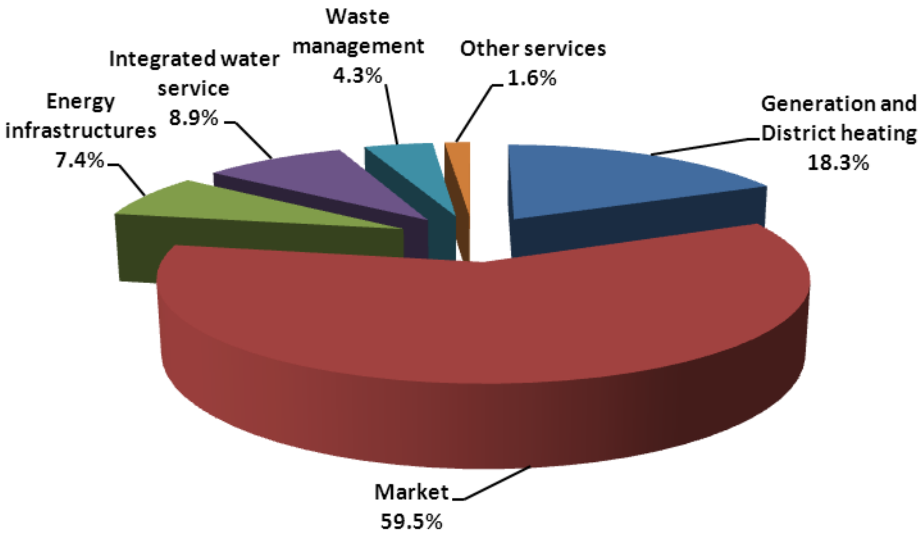
	First nine months 2013	First nine months 2012	% change
Revenue			
Revenue from goods and services	2,332,366	2,954,001	(21.0)
Change in work in progress	(562)	43	(*)
Other revenue and income	138,476	194,167	(28.7)
Total revenue	**2,470,280**	**3,148,211**	**(21.5)**
Operating expense			
Raw materials, consumables, supplies and goods	(1,096,857)	(1,582,452)	(30.7)
Services and use of third-party assets	(655,381)	(906,386)	(27.7)
Other operating expense	(60,956)	(62,359)	(2.2)
Capitalised expenses for internal work	17,139	14,679	16.8
Personnel expense	(197,851)	(195,112)	1.4
Total operating expense	**(1,993,906)**	**(2,731,630)**	**(27.0)**
Gross Operating Profit (EBITDA)	**476,374**	**416,581**	**14.4**
Amortisation, depreciation, provisions and impairment losses			
Amortisation/depreciation	(154,385)	(161,866)	(4.6)
Provisions and impairment losses	(63,396)	(46,190)	37.3
Total amortisation, depreciation, provisions and impairment losses	**(217,781)**	**(208,056)**	**4.7**
Operating profit (EBIT)	**258,593**	**208,525**	**24.0**
Financial income and expense			
Financial income	23,196	19,196	20.8
Financial expense	(83,247)	(92,724)	(10.2)
Total financial income and expense	**(60,051)**	**(73,528)**	**(18.3)**
Share of profit of associates accounted for using the equity method	10,934	5,404	(*)
Impairment losses on investments	(10,039)	(10,200)	(1.6)
Profit before tax	**199,437**	**130,201**	**53.2**
Income tax expense	(96,847)	(67,029)	44.5
Net profit/(loss) from continuing operations	**102,590**	**63,172**	**62.4**
Net profit/(loss) from discontinued operations	-	12,063	(100.0)
Net profit (loss) for the period	**102,590**	**75,235**	**36.4**
attributable to:			
- Profit (loss) - Group	93,911	67,717	38.7
- Profit (loss) - non-controlling interests	8,679	7,518	15.4

(*) Change of more than 100%

Revenue

At 30 September 2013 the Iren Group recognised revenue of Euro 2,470 million, down by 21.5% compared to the Euro 3,148 million of 2012. The drop in revenue is mainly attributable to lower quantities sold in the energy segments, particularly as a result of optimisation of the business customer portfolio.

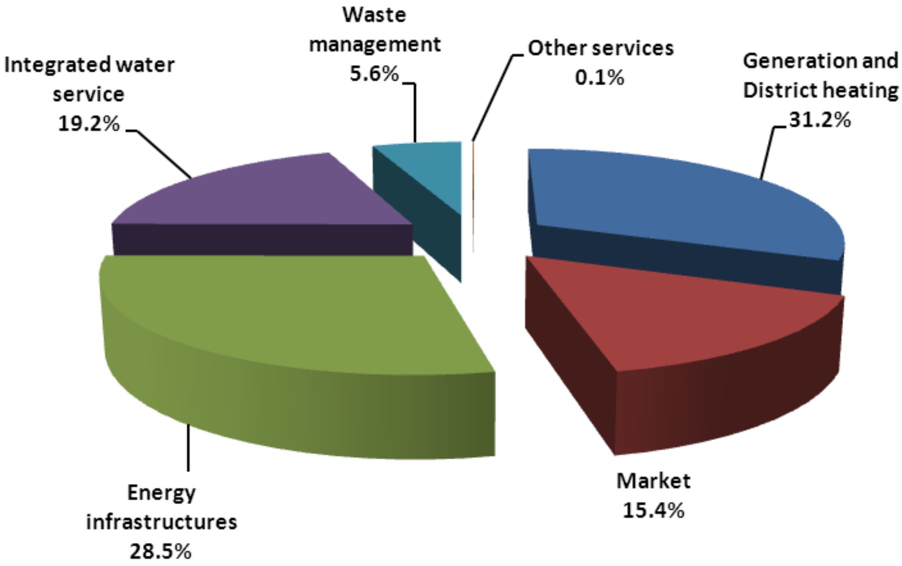
BREAKDOWN OF REVENUE



Gross Operating Profit (EBITDA)

Gross operating profit (EBITDA) amounted to Euro 476 million, up by +14.4% compared to Euro 417 million in the corresponding period of 2012. All operating segments contributed to the improved margin except Waste Management and Services and Other. These two segments recorded a decrease compared to 2012.

BREAKDOWN OF EBITDA



Operating profit

Operating profit (EBIT) totalled Euro 259 million, a +24% increase on the 2012 figure of Euro 209 million. This performance reflects the changes in the gross operating profit, though partly absorbed by higher allocations to the allowance for impairment of accounts receivable, partly offset by the decrease in amortisation/depreciation and the release of provisions.

Financial income and expense

Net financial expense totalled a negative Euro 60.1 million (Euro 73.5 million in the first nine months of 2012). In particular, financial expense amounted to Euro 83.2 million (Euro 92.7 million in the first nine months of 2012). The decrease finds justification in particular in the reduced average non-current financial liabilities. Financial income reached Euro 23.2 million (Euro 19.2 million in the first nine months of 2012).

Share of profit of associates accounted for using the equity method

The results of associates accounted for using the equity method was positive by around Euro 11 million, up compared to the same period in 2012, mainly due to the positive results of ASA which benefited from the capital gain from sale of the subsidiary ASA Trade.

Impairment losses on investments

These were negative at around Euro 10 million and refer mainly to write-down of the investment in Energia Italiana. In the first nine months of 2013 this item was negative for Euro 10 million relating to the associate Sinergie Italiane.

Profit before tax

As a result of the above trends the consolidated profit before tax reached Euro 199 million, much higher than the Euro 130 million of the first nine months of 2012.

Income tax expense

Income tax expense in the first nine months of 2013 amounted to Euro 97 million, up 44.5% on the first nine months of 2012. The nominal tax rate is 48.56%.
The adjusted tax rate, after non-recurring write-downs in investments with no tax impact, was 46%.

Net profit (loss) for the period

Profit for the period amounted to Euro 103 million, up 36.4% on the same period of 2012.

Segment reporting

The Iren Group operates in the following business segments:

- Generation and District heating (hydroelectric energy, cogeneration of electrical energy and heat, district heating networks and production from renewable sources)
- Market (sale of electrical energy, gas, heat)
- Energy Infrastructures (electrical energy distribution networks, gas distribution networks, LNG regasification plants)
- Integrated Water Service (sale and distribution of water, water treatment and sewerage)
- Waste Management (waste collection and disposal)
- Other services (telecommunications, public lighting, global services and other minor services).

These operating segments are disclosed pursuant to IFRS 8. Under this standard, the disclosure about operating segments should be based on the elements which management uses in making operational and strategic decisions.
For a proper interpretation of the income statements relating to individual businesses presented and commented on below, revenue and expense referring to joint activities were fully allocated to the businesses based on actual usage of the services provided or according to technical and economic drivers.
Given the fact that the Group mainly operates in the North-West area, the following segment information does not include a breakdown by geographical area.
Below are the main income statement items with relative comments broken down by operating segment and compared with figures for the first nine months of 2012, restated to take into account the transfer of the district heating networks from the Energy Infrastructure segment to the current Generation and District Heating segment.

Generation and District heating

Revenue for the period amounted to Euro 677 million, down -2.9% compared to Euro 697 million recorded in 2012.

			First 9 months 2013	First 9 months 2012	Δ %
Revenue		€/mln.	677	697	-2.9%
Gross Operating Profit (EBITDA)		€/mln.	149	128	16.4%
EBITDA Margin			*22.0%*	*18.3%*	
Operating profit (EBIT)		€/mln.	98	54	80.0%
Investments		€/mln.	27	42	-36.2%
Electrical energy produced		GWh	5,262	4,551	15.6%
	from hydroelectric sources	*GWh*	1,004	824	21.8%
	from thermoelectric sources	*GWh*	4,239	3,715	14.1%
	from renewable sources	*GWh*	20	12	63.4%
Heat produced		GWh_t	1,993	1,852	7.7%
	from cogeneration sources	GWh_t	1,608	1,384	16.2%
	from non-cogeneration sources	GWh_t	385	468	-17.6%
District heating volumes		Mln m^3	77	73	5.2%

At 30 September 2013 electrical energy production 5,262 GWh, up 15.6% on the 4551 GWh of the corresponding period of 2012, due to the effect of higher thermoelectric production (+14.1%) and higher hydroelectric production (+21.8%).
In particular, thermoelectric production totalled 4,239 GWh, up 524 GWh (+14.1%) on the 3,715 GWh recorded in the same period of 2012, due to higher production by the Torino Nord plant (+297 GWh) and the Moncalieri plant (+220 GWh). This performance bucks the trend in national figures for production from thermoelectric sources, which saw a decrease of -15% compared to same period of 2012.
Hydroelectric production was 1,004 GWh, up +21.8% compared to the 824 GWh of 2012 due to higher production at Pont Ventoux, Rosone and by the Canate and Brugneto plants. At the same date, national production from hydroelectric sources recorded a +17% increase compared to the corresponding period in 2012.

Heat production for the period totalled 1,993 GWh_t, up by +7.7% compared to the 1,852 GWh_t of 2012, due to the effect of a favourable heating season and higher volumes served (+3.5 million m^3 compared to the first nine months of 2012 in the Turin area and +0.5 million m^3 in the Emilia Romagna area).
Volumes of district heating reached 77 million m^3, 54 million of which in Turin, making this the most 'district heated' city in Italy, 4 million m^3 in Genoa and 19 million m^3 in Reggio Emilia, Parma and Piacenza. The cogenerated heat share was 81%, up compared to the first nine months of 2012 when it was equal to 75%.

Gross operating profit (EBITDA) amounted to Euro 149 million, up by +16.4% compared to Euro 128 million in 2012.
The increase in the margin is attributable both to the improved margin on cogeneration production of electrical energy, which results from the contribution of the dispatch services market (MSD) and to the heat production margins positively affected by the increase in cogeneration production to 81% compared to 76% in 2012. Partly offsetting these positive contributions to gross operating profit are the negative change in hydroelectric production margins, due mainly to the extraordinary reimbursement of stranded costs relating to the Telessio plant that had characterised 2012, and the negative effect of electricity tariffs.

Operating profit (EBIT) in this segment amounted to Euro 98 million, up +79.8% on the Euro 54 million of 2012. In addition to the positive contribution of gross operating profit, operating profit benefits from the suspension of amortisation/depreciation of transferable assets relating to expired hydroelectric concessions and from the releasing effect of conclusion of a dispute associated with the construction of an electrical energy production plant, only partly offset by the increase in amortisation/depreciation due to the operational start-up of the Torino Nord plant.

Technical investments in the sector amounted to around Euro 27 million, of which approximately Euro 23 million relating to cogeneration and district heating (including Euro 7 million for Torino Nord, Euro 6 million for accumulators at Martinetto, Euro 7 million for the district heating networks and around Euro 3 million in other cogeneration investments). Investments in the hydroelectric sector amounted to around Euro 3 million, whilst investments in renewables totalled approximately Euro 1 million.

Market

Market area turnover amounted to Euro 2,204 million, down -26.1% compared to Euro 2,981 million in the same period of the previous year. The gross operating profit (EBITDA) stood at Euro 73 million, up +85.2% compared with Euro 39 million in the corresponding period of 2012.

		First 9 months 2013	First 9 months 2012	Δ %
Revenue	€/mln.	2,204	2,981	-26.1%
Gross Operating Profit (EBITDA)	€/mln.	73	39	85.3%
EBITDA Margin		*3.3%*	*1.3%*	
from electrical energy	*€/mln.*	-1	-10	89.7%
from gas	*€/mln.*	70	44	58.1%
from heat	*€/mln.*	4	5	-15.2%
Operating profit (EBIT)	€/mln.	28	21	35.3%
Investments		6	6	-7.1%
Electrical energy sold	GWh	9,489	12,899	-26.4%
Electrical energy sold net of Power Exchange purchases/sales	GWh	8,843	10,740	-17.7%
Gas purchased	Mln m³	2,164	2,376	-8.9%
Gas sold by the Group	Mln m³	921	1,269	-27.5%
Gas for internal use	Mln m³	1,050	1,009	4.0%

Sale of electrical energy

Volumes sold net of energy bought/sold on the power exchange amounted to 8,843 GWh (gross electrical energy totalled 9,489 GWh), marking a decrease of 17.7% compared to 10,740 GWh in 2012.

Volumes sold to end customers and wholesalers totalled 4,220 GWh, down -50% on the 8,437 GWh of 2012, whilst volumes used on the power exchange net of energy traded on the exchange amounted to 3,971 GWh, up +158% on the 1,541 GWh recorded in the same period in 2012.

Regarding the number of protected customers managed, the total volumes sold during the period amounted to 652 GWh, a decrease of -14% on the previous year (762 GWh), due to deregulation of the market to which the company responded with marketing development initiatives that led to transfer of a significant percentage of non-eligible market customers to the free market.

In 2013, the availability of electrical energy from internal Iren Group production (Iren Energia) increased by approximately 9% over the previous year, amounting to 5,236 GWh (4,529 GWh in 2012).

Volumes from Edipower tolling agreements amount to 739 GWh versus 1,043 GWh in the previous year.

Net power exchange transactions totalled 940 GWh compared to 1,735 GWh in 2012, while purchases from wholesalers came to 1,604 GWh compared to 3,091 GWh in the previous year.

In addition, 684 GWh was purchased from the Acquirente Unico (Single Buyer).

Gross operating profit (EBITDA) from the sale of electrical energy amounted to Euro -1 million, up compared to Euro -10 million in 2012.
This result was affected by the release of provisions relating to Edipower tolling management and by lower operating expense.

Sale of natural gas
Total volumes of natural gas procured in the first half of 2013 were approximately 2,164 million m^3, compared to 2,376 million m^3 in 2012 (-8.9%). Of these quantities, 921 million m^3 were marketed to customers outside the Group (1,269 million m^3 in the previous year), 103 million m^3 were used in electrical energy production through Edipower tolling contracts (158 million m^3 in 2012) and 946 million m^3 were used within the Iren Group for both the generation of electrical energy and the supply of heat services (851 million m^3 in 2012). The inventories of gas in storage amount to 194 million m^3 (98 million m^3 in 2012).
The gross operating profit (EBITDA), amounting to Euro 70 million, increased +58.1% compared to Euro 44 million in the corresponding period of 2012, mainly due to the effects of the favourable procurement terms and the optimisation of customer and trading asset portfolios.

Market development

Former non-eligible market:
Total customers managed by Iren Mercato in the higher protection segment were around 345,000 at the end of September 2013. The total volumes sold amounted to 652 GWh, a decrease compared to the same period last year (762 GWh) due to deregulation of the market to which the company responded with marketing development initiatives that led to the transfer of a significant percentage of non-eligible market customers to the free market.

Retail market development
As in 2012, constant, ongoing action is being taken in 2013 with regard to maintaining Iren Mercato customer loyalty and to expanding the reference portfolio, extending the scope of activities to new geographic areas.
Competition has continued to grow in areas historically managed by Iren Mercato, and this has led to a further increase in the sales channels with the testing of outbound channels also outside Italy.
Note also that action began in February 2013 to convert the formerly “protected” customer base to the free market, similarly to that already in progress on the electrical energy market, with the aim of increasing customer loyalty.

At 30 September 2013 gas retail customers directly managed by Iren Mercato totalled around 747,000, spread throughout the traditional Genoa catchment area and surrounding development areas, the Turin catchment area and the traditional Emilia Romagna catchment areas. Electricity customers managed totalled approximately 721,000, these too mainly in the areas traditionally served, i.e. Turin and Parma and in marketing areas covered by the company.

Sale of heat through the district heating networks:
The gross operating profit (EBITDA) in 2013 amounts to Euro 4 million, slightly lower than the Euro 5 million of 2012 due to the new economic terms of institutional contracts.

Energy infrastructures

At 30 September 2013 the Energy Infrastructures segment, which includes gas, electricity and heat distribution and regasification terminal business, recorded revenue of Euro 273 million, essentially in line with the Euro 274 million of 2012.
Gross operating profit (EBITDA) amounted to Euro 135 million, up by +7.4% compared to Euro 126 million in 2012.

Operating profit (EBIT) totalled Euro 97 million, up +9.7% on the Euro 88 million of the first nine months of 2012.
The main changes in the segments concerned are illustrated below.

		First 9 months 2013	**First 9 months 2012**	**Δ %**
Revenue	€/mln.	273	274	-0.1%
Gross Operating Profit (EBITDA)	€/mln.	135	126	7.4%
EBITDA Margin		*49.6%*	*46.2%*	
from electrical energy networks	*€/mln.*	61	52	16.3%
from gas networks	*€/mln.*	76	75	2.0%
from regasification plant	*€/mln.*	-2	-1	-93.3%
Operating profit (EBIT)	€/mln.	97	88	9.7%
Investments	€/mln.	67	61	9.0%
in electrical energy networks	*€/mln.*	16	10	54.5%
in gas networks	*€/mln.*	21	27	-23.5%
in regasification plant	*€/mln.*	30	24	26.4%
Electrical energy distributed	GWh	3,134	3,214	-2.5%
Gas distributed	Mln m^3	1,369	1,286	6.4%

Electrical Energy Distribution Networks

Gross operating profit (EBITDA) amounted to Euro 61 million, up by +16.4% compared to Euro 52 million in the corresponding period of 2012.
The improvement is mainly attributable to tariff adjustments for previous years relating to the Turin and Parma networks.

Investments made over the year totalled Euro 16 million, relating to the maintenance and development of electrical energy networks, new connections, LV/MV substations and LV/MV lines.

Gas Distribution Networks

The gross operating profit (EBITDA) from gas network distribution has increased to Euro 76 million (+2%) compared to Euro 75 million in 2012. The increase in the margin is mainly due to recognition of the bonuses for reduced network leaks in the Genoa area following the application of AEEG Resolution no. 02/2013.

Investments during the period amounted to Euro 21 million and concern the provisions of AEEG Resolutions, particularly the 10-year network redevelopment plan through the replacement of grey cast iron pipes, development initiatives for the distribution network and connections in the main areas served by the Group.

Regasification plant

Investments in this segment amounted to approximately Euro 30 million.
Commissioning continues, with the third gas carrier expected by mid-November.
By the end of November the terminal will complete certification-related tasks ready for the operational start-up of the plant.

Integrated Water Service

At 30 September 2013, the integrated water service recorded revenue of Euro 329 million, up by +2.8% compared to Euro 320 million in 2012.
The increase compared to the previous year is mainly attributable to the increase in revenue from application of the new Transitional Tariff Method (TTM).
Lower capitalised costs were also recorded as a result of fewer investments in assets under concession which, due to the application of IFRIC 12, were recorded under revenue (Euro -10 million).

		First 9 months 2013	**First 9 months 2012**	**Δ %**
Revenue	€/mln.	329	320	2.8%
Gross Operating Profit (EBITDA)	€/mln.	92	87	5.9%
EBITDA Margin		*27.9%*	*27.1%*	
Operating profit (EBIT)	€/mln.	32	33	-2.7%
Investments	€/mln.	47	55	-13.7%
Water sold	Mln m³	129	133	-2.7%

Gross operating profit (EBITDA) amounted to Euro 92 million, up +5.9% on the Euro 87 million of 2012. The increased margin is attributable to the higher tariff revenue restriction, partly offset by the recognition of a contingent liability to cover expected reimbursements relating to 2011 and arising from the outcome of the referendum on returns on invested capital.

The operating profit (EBIT) was Euro 32 million, down -2.7% compared to the Euro 33 million recorded in 2012. The contribution from improvement of the gross operating profit was more than offset by the higher provisions for risks and the allowance for impairment of accounts receivable.

The investments made totalled Euro 47 million and concern the construction, development and maintenance of distribution networks and systems, the sewerage network and water treatment plants.

Waste Management

At 30 September 2013 revenue in this segment amounted to Euro 158 million, in line with the Euro 157 million recorded in the corresponding period of 2012. The increases in the TARES waste management tariff (formerly TIA-TARSU) and in other accessory revenues (CONAI, third-party services, revenue from previous years, etc.) were partly offset by lower revenue from electrical energy and heat production resulting from closure of the Reggio Emilia waste-to-energy plant in June 2012.

			First 9 months 2013	First 9 months 2012	Δ %
Revenue		€/mln.	158	157	0.6%
Gross Operating Profit (EBITDA)		€/mln.	27	31	-13.4%
EBITDA Margin			*16.7%*	*19.4%*	
Operating profit (EBIT)		€/mln.	8	10	-26.2%
Investments		€/mln.	37	43	-15.2%
Waste handled		ton	738,505	694,592	6.3%
	Urban waste	ton	535,617	532,843	0.5%
	Special waste	ton	202,888	161,749	25.4%

Gross operating profit (EBITDA) amounted to Euro 27 million, down -13.4% on the Euro 31 million recorded in 2012. The decrease in the margin is mainly attributable to closure of the Reggio Emilia waste-to-energy plant and to lower usage (temporarily) of the Group's internal disposal centres.

Operating profit (EBIT) amounted to Euro 8 million, -25.8% compared to the Euro 10 million of 2012. With regard to the drop in gross operating profit, an improvement was seen that was mainly the result of release of provisions and the elimination of allowances following the change in IAS accounting criteria for post-closure provisions and the result of lower amortisation/depreciation partly offset by higher allocations to the allowance for impairment of accounts receivable and other risks.

Investments made during the period amounted to Euro 37 million and mainly refer to works to complete the Parma Integrated Environmental Hub and equipment for the collection service, the treatment plant for grit deriving from street cleaning and other plants.

Services and Other

		First 9 months 2013	First 9 months 2012	Δ %
Revenue	€/mln.	63	74	-15.6%
Gross Operating Profit (EBITDA)	€/mln.	1	6	-88.1%
EBITDA Margin		*1.0%*	*7.8%*	
Operating profit (EBIT)	€/mln.	-4	2	(*)
Investments	€/mln.	10	15	-31.0%

(*) Change of more than 100%

At 30 September 2013, revenue amounted to Euro 63 million, down on the Euro 74 million recorded in the corresponding period of 2012, mainly due to the effect of the new contract with the Municipality of Turin on property maintenance and to termination of the arrangements for the heating system management of buildings in the city and fewer minor services.
Gross operating profit (EBITDA) amounted to Euro 1 million, lower than the Euro 6 million of 2012 due to the service agreement reviews described above.

Statement of Financial Position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION FOR THE IREN GROUP AT 30 SEPTEMBER 2013

thousands of euro

	30.09.2013	31.12.2012	% change
Non-current assets	4,471,228	4,734,916	(5.6)
Other non-current assets (liabilities)	(81,894)	(116,258)	(29.6)
Net working capital	149,749	235,106	(36.3)
Deferred tax assets (liabilities)	100,054	105,197	(4.9)
Provisions for risks and employee benefits	(420,891)	(457,291)	(8.0)
Assets (Liabilities) held for sale	299,597	7,718	(*)
Net invested capital	**4,517,843**	**4,509,388**	**0.2**
Equity	1,997,602	1,954,257	2.2
Non-current financial assets	*(57,291)*	*(116,168)*	*(50.7)*
Non-current financial liabilities	*1,946,464*	*2,197,827*	*(11.4)*
Net non-current financial liabilities	1,889,173	2,081,659	(9.2)
Current financial assets	*(307,142)*	*(301,591)*	*1.8*
Current financial liabilities	*938,210*	*775,063*	*21.0*
Net current financial liabilities	631,068	473,472	33.3
Net financial indebtedness	2,520,241	2,555,131	(1.4)
Own funds and net financial indebtedness	**4,517,843**	**4,509,388**	**0.2**

(*) Change of more than 100%

The main changes in the Statement of Financial Position at 30 September 2013 are commented below.
Fixed assets decreased by 5.6% compared to 31 December 2012, mainly due to the reclassification of Edipower from investments measured at equity to assets held for sale following the Board of Directors' decision to exercise its exit option on this company. Investments made during the period are higher than amortisation/depreciation for the period and disposals. For further details on investments in the period, reference should be made to the section "Segment Reporting". The changes in non-current assets were marginally affected by the change in the scope of consolidation in the first nine months of the year. Further information can be found in the section "Changes in the scope of consolidation compared to 31 December 2012".
The decrease in net working capital was affected by the changes in trade receivables and payables and in tax items. Note that net working capital fell by around Euro 99 million compared to 30 September 2012.
The increase in assets held for sale is affected by the reclassification of Edipower to this item from investments measured at equity following the aforementioned Board of Directors' decision to exercise its exit option on this company.
The increase in Equity derives mainly from profit for the period.
The Statement of Cash Flows shown below provides an analytical breakdown of the reasons for changes in the first nine months of 2013.

Statement of Cash Flows

STATEMENT OF CASH FLOWS FOR THE IREN GROUP - FIRST NINE MONTHS OF 2013

thousands of euro

	First nine months 2013	First nine months 2012	% change
A. Opening cash and cash equivalents	**28,041**	**44,758**	**(37.3)**
Cash flows from operating activities			
Profit/(loss) for the period	102,590	75,235	36.4
Adjustments:			
Amortisation of intangible assets and depreciation of property, plant and equipment and investment property	154,385	161,866	(4.6)
Capital gains (losses) and other changes in equity	1,662	2,277	(27.0)
Net change in post-employment benefits and other employee benefits	1,486	1,365	8.9
Net change in provision for risks and other charges	(23,434)	(9,450)	(*)
Change in deferred tax assets and liabilities	(1,228)	2,507	(*)
Change in other non-current assets and liabilities	(34,364)	2,050	(*)
Dividends accounted for net of adjustments	(1,165)	(421)	(*)
Share of profit (loss) of associates	(10,934)	(15,009)	(27.2)
Impairment losses on non-current assets and investments	10,755	8,166	31.7
B. Cash flows from operating activities before changes in NWC	**199,753**	**228,586**	**(12.6)**
Change in inventories	(10,246)	(42,879)	(76.1)
Change in trade receivables	293,535	42,997	(*)
Change in tax assets and other current assets	32,285	512	(*)
Change in trade payables	(323,032)	(62,438)	(*)
Change in tax liabilities and other current liabilities	92,815	100,852	(8.0)
C. Cash flows from changes in NWC	**85,357**	**39,044**	**(*)**
D. Cash flows from/(used in) operating activities (B+C)	**285,110**	**267,630**	**6.5**
Cash flows from/(used in) investing activities			
Investments in intangible assets, property, plant and equipment and investment property	(192,236)	(221,053)	(13.0)
Investments in financial assets	(723)	(614)	17.8
Proceeds from the sale of investments and changes in the scope of consolidation and assets held for sale	(9,186)	21,742	(*)
Dividends received	8,730	9,071	(3.8)
E. Total cash flows from/(used in) investing activities	**(193,415)**	**(190,854)**	**1.3**
F. Free cash flow (D+E)	**91,695**	**76,776**	**19.4**
Cash flows from/(used in) financing activities			
Dividends paid	(76,070)	(22,282)	(*)
Other changes in equity	-	849	(100.0)
New non-current loans	357,450	330,200	8.3
Repayment of non-current loans	(286,920)	(221,540)	29.5
Change in financial assets	59,037	35,950	64.2
Change in financial liabilities	(139,481)	(206,125)	(32.3)
G. Total cash flows from/(used in) financing activities	**(85,984)**	**(82,948)**	**3.7**
H. Cash flows for the period (F+G)	**5,711**	**(6,172)**	**(*)**
I. Closing cash and cash equivalents (A+H)	**33,752**	**38,586**	**(12.5)**

(*) Change of more than 100%

The following table shows the change in the Group's consolidated net financial indebtedness for the relevant periods.

thousands of euro

	First nine months 2013	First nine months 2012	% change
Free cash flow	91,695	76,776	19.4
Dividends paid	(76,070)	(22,282)	(*)
Other changes in equity	-	849	(100.0)
Change in fair value of hedging derivatives	19,265	(18,606)	(*)
Discontinued financial assets (liabilities)	-	(1,173)	(100.0)
Change in net financial indebtedness	**34,890**	**35,564**	**(1.9)**

(*) Change of more than 100%

Net financial indebtedness at 30 September 2013 amounted to Euro 2,520 million, down 1.4% compared to 31 December 2012.
In particular, the free cash flow, a positive Euro 92 million, derives from the combined effect of the following cash flows:

- cash flows from operating activities were positive by Euro 285 million and consists of Euro 200 million cash flows from operating activities before changes in net working capital and Euro 85 million cash flows deriving from changes in net working capital;
- cash flows used in investing activities, amounting to a negative Euro 193 million, were generated from investments in intangible assets, property, plant and equipment and financial assets for Euro 193 million (including investments for the construction of infrastructures under concession pursuant to IFRIC 12), proceeds from the disposal of non-current assets for Euro 6 million, changes in the scope of consolidation of Iren Rinnovabili which led to greater financial exposure of around Euro 15 million and from the collection of Euro 9 million in dividends.

EVENTS AFTER THE REPORTING PERIOD AND BUSINESS OUTLOOK

EVENTS AFTER THE REPORTING PERIOD

Private Placement issue

On 14 October 2013 Iren S.p.A. successfully completed the issue of a Private Placement for a total of Euro 125 million, subscribed by Italian and international institutional investors, with a 7-year maturity and coupon payments at an annual rate of 4.37%. After the transaction re-opening of the bond issue, concluded on 29 October 2013, Euro 85 million were collected in addition to the Euro 125 million of the original issue, at the same conditions in terms of maturity and coupon entitlement.
The bonds were listed on the Irish Stock Exchange.
This transaction, which inaugurated Iren S.p.A.'s access to the bond market, is in line with the strategy defined in the Group Business Plan to strengthen its financial flexibility and soundness.
The bond loan issue allows improvement of the Iren Group's non-current liabilities profile by extending their average maturity and guaranteeing greater differentiation of funding sources, at the same time confirming the market's willingness, not only at banking level, to fund the Group's activities and development plans.

Non-proportionate spin-off of Edipower completed

The agreement for the non-proportionate spin-off of Edipower was signed on 24 October 2013, effective from 1 November 2013. As a result of conclusion of the spin-off, which involved the Iren Group's complete exit from the Edipower ownership structure, Iren Energia became owner of the combined cycle thermoelectric plant in Turbigo (800 MW) and of the Tusciano hydroelectric plant (approx. 100 MW).
With acquisition of the Turbigo and Tusciano plants, the IREN Group now directly owns a total production capacity of around 2,700 MW, over 70% of which renewable, in the case of hydroelectric generation, and environment-friendly, considering the cogenerative production, compared to a national average of 38%.

BUSINESS OUTLOOK

In spite of certain signs of recovery, the macroeconomic scenario in the Eurozone expects to see confirmation of the weakness of the mature European markets. In particular, the macroeconomic context of mature Eurozone countries will see GDP fall in 2013 (forecast to be around -0.3%) with uncertainty persisting in the years to come. The scenarios in Italy are extremely variable due to developments in the sovereign debt crisis and its effects on banks' lending capacity, and the implementation or otherwise of ongoing reforms resulting from the current political-institutional phase.
Private energy consumption will probably continue to be negatively affected by the current economic situation. Negative growth rates are still forecast for energy demand from the industrial segment, consolidating the repercussions on thermoelectric production, which will continue to feel the effects of competition from renewable sources.

In this scenario the Group's short-term strategy focuses on protecting its margins on the mature markets and in the regulated sectors, in addition to strict monitoring of its own financial stability and investment optimisation.

The positive results achieved in the first nine months of 2013 allow the Group to confirm its forecasts for the current year, always bearing in mind that they are subject to change in relation to the energy scenario, the seasonal nature of the business segments and the reference regulations.

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Registro Imprese di Reggio Emilia n. 07129470014
Codice Fiscale e partita IVA n. 07129470014

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

Consolidated Statement of Financial Position

thousands of euro

	30.09.2013	31.12.2012
ASSETS		
Property, plant and equipment	2,834,846	2,813,297
Investment property	1,804	1,831
Intangible assets with a finite useful life	1,314,459	1,295,022
Goodwill	132,902	132,861
Investments accounted for using the equity method	168,254	462,097
Other investments	18,963	29,808
Non-current financial assets	57,291	116,168
Other non-current assets	73,586	38,195
Deferred tax assets	208,499	215,750
Total non-current assets	**4,810,604**	**5,105,029**
Inventories	99,356	89,110
Trade receivables	960,178	1,253,713
Current tax assets	33,061	8,690
Other receivables and other current assets	210,597	267,253
Current financial assets	273,390	273,550
Cash and cash equivalents	33,752	28,041
Total current assets	**1,610,334**	**1,920,357**
Assets held for sale	299,603	7,739
TOTAL ASSETS	**6,720,541**	**7,033,125**

	30.09.2013	31.12.2012
		thousands of euro
EQUITY		
Equity attributable to owners of the Parent		
Share capital	1,276,226	1,276,226
Reserves and retained earnings	413,630	311,070
Net profit (loss) for the period	93,911	152,559
Total equity attributable to owners of the Parent	**1,783,767**	**1,739,855**
Non-controlling interests	213,835	214,402
TOTAL EQUITY	**1,997,602**	**1,954,257**
LIABILITIES		
Non-current financial liabilities	1,946,464	2,197,827
Employee benefits	104,485	102,999
Provisions for risks and charges	262,356	272,744
Deferred tax liabilities	108,445	110,553
Other payables and other non-current liabilities	155,480	154,453
Total non-current liabilities	**2,577,230**	**2,838,576**
Current financial liabilities	938,210	775,063
Trade payables	812,204	1,135,236
Other payables and other current liabilities	248,252	243,514
Current tax liabilities	92,987	4,910
Provisions for risks and charges - current portion	54,050	81,548
Total current liabilities	**2,145,703**	**2,240,271**
Liabilities related to assets held for sale	6	21
TOTAL LIABILITIES	**4,722,939**	**5,078,868**
TOTAL EQUITY AND LIABILITIES	**6,720,541**	**7,033,125**

Consolidated Income Statement

thousands of euro

	First nine months 2013	First nine months 2012
Revenue		
Revenue from goods and services	2,332,366	2,954,001
Change in work in progress	(562)	43
Other revenue and income	138,476	194,167
Total revenue	**2,470,280**	**3,148,211**
Operating expense		
Raw materials, consumables, supplies and goods	(1,096,857)	(1,582,452)
Services and use of third-party assets	(655,381)	(906,386)
Other operating expense	(60,956)	(62,359)
Capitalised expenses for internal work	17,139	14,679
Personnel expense	(197,851)	(195,112)
Total operating expense	**(1,993,906)**	**(2,731,630)**
GROSS OPERATING PROFIT (EBITDA)	**476,374**	**416,581**
Amortisation, depreciation, provisions and impairment losses		
Amortisation/depreciation	(154,385)	(161,866)
Provisions and impairment losses	(63,396)	(46,190)
Total amortisation, depreciation, provisions and impairment losses	**(217,781)**	**(208,056)**
OPERATING PROFIT (EBIT)	**258,593**	**208,525**
Financial income and expense		
Financial income	23,196	19,196
Financial expense	(83,247)	(92,724)
Total financial income and expense	**(60,051)**	**(73,528)**
Share of profit of associates accounted for using the equity method	10,934	5,404
Impairment losses on investments	(10,039)	(10,200)
Profit before tax	**199,437**	**130,201**
Income tax expense	(96,847)	(67,029)
Net profit/(loss) from continuing operations	**102,590**	**63,172**
Net profit/(loss) from discontinued operations	-	12,063
Net profit (loss) for the period	**102,590**	**75,235**
attributable to:		
- Profit (loss) - Group	93,911	67,717
- Profit (loss) - non-controlling interests	8,679	7,518

Other comprehensive income

thousands of euro

	First nine months 2013	First nine months 2012
Profit/(loss) for the period - Owners of the parent and non-controlling interests (A)	**102,590**	**75,235**
Other comprehensive income to be subsequently reclassified to the Income Statement		
- effective portion of changes in fair value of cash flow hedges	19,265	(18,606)
- change in fair value of available-for-sale financial assets	-	-
- share of other profits (losses) of companies accounted for using the equity method	589	1,587
Tax effect of other comprehensive income	(6,371)	6,411
Total other comprehensive income to be subsequently reclassified to the Income Statement net of tax effect (B1)	**13,483**	**(10,608)**
Other comprehensive income that will not be subsequently reclassified to the Income Statement		
- actuarial profits/(losses) from defined benefit plans (IAS 19)	-	-
Tax effect of other comprehensive income	-	-
Total other comprehensive income that will not be subsequently reclassified to the Income Statement net of tax effect (B2)	**-**	**-**
Total comprehensive income/(expense) (A)+(B1)+(B2)	**116,073**	**64,627**
attributable to:		
- Profit (loss) - Group	107,309	57,140
- Profit (loss) - non-controlling interests	8,764	7,487

Statement of changes in consolidated equity

	Share capital	Share premium reserve	Legal reserve
31/12/2011 Restated	**1,276,226**	**105,102**	**28,996**
Dividends to shareholders			
Losses carried forward			
Changes in scope of consolidation			
Capital increase of subsidiaries			
Other changes			
Comprehensive income for the period			
of which:			
- Profit for the period			
- Other comprehensive income			
30/09/2012	**1,276,226**	**105,102**	**28,996**
31/12/2012	**1,276,226**	**105,102**	**28,996**
Legal reserve			3,516
Dividends to shareholders			
Retained earnings			
Changes in scope of consolidation			
Change in business combinations			
Other changes			
Comprehensive income for the period			
of which:			
- Profit for the period			
- Other comprehensive income			
30/09/2013	**1,276,226**	**105,102**	**32,512**

Figures as at 31 December 2011 were restated due to the adoption of the revised version of IAS 19 – Employee Benefits.

thousands of euro

Hedging reserve	Other reserves and retained earnings (losses)	Total reserves and retained earnings (losses)	Profit/(loss) for the period	Equity attributable to the Group	Equity attributable to non-controlling interests	Total equity
(30,737)	**362,714**	**466,075**	**(110,970)**	**1,631,331**	**213,375**	**1,844,706**
	(16,591)	(16,591)		(16,591)	(5,691)	(22,282)
	(110,970)	(110,970)	110,970	-		-
	(7)	(7)		(7)	27	20
		-		-	849	849
	(518)	(518)		(518)	(99)	(617)
(10,577)		(10,577)	67,717	57,140	7,487	64,627
			67,717	67,717	7,518	75,235
(10,577)	-	(10,577)		(10,577)	(31)	(10,608)
(41,314)	**234,628**	**327,412**	**67,717**	**1,671,355**	**215,948**	**1,887,303**
(42,645)	**219,617**	**311,070**	**152,559**	**1,739,855**	**214,402**	**1,954,257**
		3,516	(3,516)	-		-
		-	(66,747)	(66,747)	(9,323)	(76,070)
	82,296	82,296	(82,296)	-		-
		-		-		-
	3,122	3,122		3,122		3,122
	228	228		228	(8)	220
13,398		13,398	93,911	107,309	8,764	116,073
			93,911	93,911	8,679	102,590
13,398	-	13,398		13,398	85	13,483
(29,247)	**305,263**	**413,630**	**93,911**	**1,783,767**	**213,835**	**1,997,602**

Consolidated Statement of Cash Flows

thousands of euro

	First nine months 2013	First nine months 2012
A. Opening cash and cash equivalents	**28,041**	**44,758**
Cash flows from operating activities		
Profit/(loss) for the period	102,590	75,235
Adjustments:		
Amortisation of intangible assets and depreciation of property, plant and equipment and investment property	154,385	161,866
Capital gains (losses) and other changes in equity	1,662	2,277
Net change in post-employment benefits and other employee benefits	1,486	1,365
Net change in provision for risks and other charges	(23,434)	(9,450)
Change in deferred tax assets and liabilities	(1,228)	2,507
Change in other non-current assets and liabilities	(34,364)	2,050
Dividends accounted for net of adjustments	(1,165)	(421)
Share of profit (loss) of associates	(10,934)	(15,009)
Net impairment losses (reversals of impairment losses) on non-current assets	10,755	8,166
B. Cash flows from operating activities before changes in NWC	**199,753**	**228,586**
Change in inventories	(10,246)	(42,879)
Change in trade receivables	293,535	42,997
Change in tax assets and other current assets	32,285	512
Change in trade payables	(323,032)	(62,438)
Change in tax liabilities and other current liabilities	92,815	100,852
C. Cash flows from changes in NWC	**85,357**	**39,044**
D. Cash flows from/(used in) operating activities (B+C)	**285,110**	**267,630**
Cash flows from/(used in) investing activities		
Investments in intangible assets, property, plant and equipment and investment property	(192,236)	(221,053)
Investments in financial assets	(723)	(614)
Proceeds from the sale of investments and changes in the scope of consolidation and assets held for sale	(9,186)	21,742
Dividends received	8,730	9,071
E. Total cash flows from/(used in) investing activities	**(193,415)**	**(190,854)**
F. Free cash flow (D+E)	**91,695**	**76,776**
Cash flows from/(used in) financing activities		
Dividends paid	(76,070)	(22,282)
Other changes in equity	-	849
New non-current loans	357,450	330,200
Repayment of non-current loans	(286,920)	(221,540)
Change in financial assets	59,037	35,950
Change in financial liabilities	(139,481)	(206,125)
G. Total cash flows from/(used in) financing activities	**(85,984)**	**(82,948)**
H. Cash flows for the period (F+G)	**5,711**	**(6,172)**
I. Closing cash and cash equivalents (A+H)	**33,752**	**38,586**

STATEMENT OF THE MANAGER IN CHARGE OF FINANCIAL REPORTING, PURSUANT TO THE PROVISIONS OF ART. 154-BIS, PARAGRAPH 2, ITALIAN LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCE ACT)

The undersigned manager in charge of IREN S.p.A. financial reporting, Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Finance Act, that the Interim Report at 30 September 2013 corresponds to the accounting documents, records and books.

14 November 2013

IREN S.p.A.
Administration and Finance Director and
Manager in charge of financial reporting as
per Law 262/05
Massimo Levrino

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